FINANCIAL TIMES

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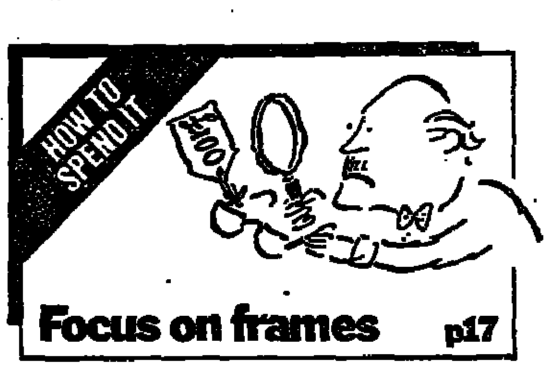


WORLD NEWS

IRA attack condemned by Hurd

Ulster Secretary Douglas Hrud said that the IRA terrorists who killed nine RUC police officers in a mortar bomb attack at Newry, used an indiscriminate weapon which could just as easily have killed civilians.

Touring the station, he said the attack only strengthened the Government's determination to "pursue a robust security policy."

It was a stroke of good fortune of the IRA and ill fortune for the RUC that one mortar bomb had fallen on a portable cabin used as a police canteen, he said. IRA's back yard weaponry, Page 4

Kinnock demand refused

The Prime Minister told Labour leader Neil Kinnock in a letter than an inquiry into MI5 phone tapping activities should only determine whether authorised taps were carried out and should not, as the Labour leader demanded, investigate unauthorised interceptions.

Gromyko warning

Soviet Foreign Minister Andrei Gromyko warned that if the arms race were allowed to "erupt in space" the possibility of nuclear war was "no exaggeration." Page 2

Bangladesh martial law

Bangladesh President Hossain Ershad reimposed martial law, banned all political activity and announced he would hold a referendum this month seeking a vote of confidence. Page 2

Heroin inquiry stalled

The Zambian High Commissioner in London was asked to waive the immunity of diplomat Godfrey Lubinga to allow inquiries to continue into alleged heroin smuggling. A search of Lubinga's home was called off after he invoked his diplomatic status.

Moors cases for review

Moors murderers Ian Brady and Myra Hindley, jailed for life 19 years ago for a series of child murders, are to have their cases reviewed, Home Secretary Leon Brittan confirmed.

Bonn pledge on Mengele

The West German government is to press Paraguayan President Alfredo Stroessner for the extradition of Nazi war criminal Josef Mengele during Stroessner's visit to Germany in July, a senior German justice ministry official said.

Iraqi diplomat shot

Iraqi assistant cultural counsellor Hadi Awwad Saeed and his son, Hosni, were shot dead by four gunmen in Kuwait.

Nicaragua hopes

Nearly 12 years of military rule ended in Uruguay with the inauguration of President Julio Sanguinetti. Nicaraguan Foreign Minister Miguel D'Escoto spoke in Montevideo of his hopes of normalising relations with the U.S. Page 2

Briefly . . .

TV broadcaster Sir Robin Day went into hospital for heart bypass surgery.

Tanzanian President Julius Nyerere will have talks in the UK from March 17-20.

BUSINESS SUMMARY

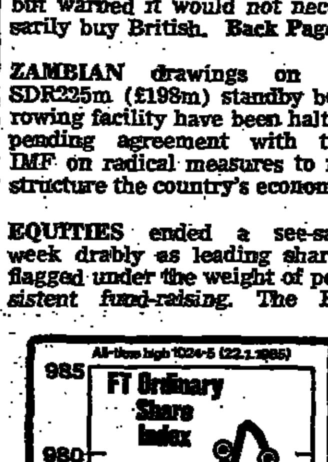
Ford and Fiat discuss co-operation

FIAT, leading Italian motor group, is holding intenive talks with Ford, the second largest U.S. motor company, which could lead to a co-operative agreement for the European market. Such a deal would be Fiat's first with a U.S. motor group. Back Page

BRITISH RAIL plans to buy about 1,500 new locomotives over the next 25 years, at a cost of about £1.5bn at today's prices, but warned it would not necessarily buy British. Back Page

ZAMBIAN drawings on its SDR225m (£198m) standby borrowing facility have been halted pending agreement with the IMF on radical measures to restructure the country's economy.

EQUITIES ended a see-saw week drably as leading shares flagged under the weight of persistent fund-raising. The FT



Ordinary share index declined steadily, but picked up before the close to end 4.9 down on the day at 975. Page 26

ICI made a £148.5m share placing to finance part of the cost of its acquisition of Beatrice Chemical in the U.S. Page 22

JAGUAR chairman Hamish Orr-Ewing has stepped down after only eight months in the post. He will be replaced by chief executive John Egan. Page 3

PAY: Almost 900,000 local government manual workers in England and Wales are expected to accept a 10-month pay deal worth £4 a week to all grades. Page 6

LLOYDS BANK decided to take up its entitlement to shares in the recent rights issue by Royal Bank of Scotland. Lloyds is entitled to just over 12m shares at 210p each, costing a total £25.3m. Page 22

TOKYO share prices rose to their fifth record close in six trading sessions, led by drug and biotechnology issues. The Nikkei-Dow Jones index gained 90.22 to 12,412.14. Page 24; Asahi shares soar, Page 2

TAIWAN police arrested Tsai Chen-Chou, head of financially troubled Cathay Plastics and the Tenth Credit Co-operative, after parliament approved the action. Page 23

FINANCIER Sir James Goldsmith is considering joining forces with Wall Street financier Carl Icahn, who is planning a hostile bid for Phillips Petroleum of the U.S. Page 23

AVELING BARFORD, Grantham-based construction equipment group, expects to sign a seven-year £60m deal on Monday to build dump trucks in China. Page 4

Miners delegates will back return

BY JOHN LLOYD, ROBIN REEVES AND MARK MEREDITH

A MAJORITY of votes at the mineworkers' national delegate conference in London tomorrow are committed to a return to work, probably by early next week.

But the issue of an amnesty for the men dismissed during the strike may delay a clear-cut decision on its ending.

This became clear yesterday as a record number of miners for any Friday since the start of the dispute returned to work. The total, 1,656 according to the National Coal Board, meant that more than 5 per cent of the National Union of Mineworkers' membership went back to work during the week. Particularly significantly yesterday, 1,014 miners returned in Yorkshire, the heartland of the stoppage.

Tomorrow's conference will have at least three possible strategies to consider: continuing the strike; signing the agreement offered by the National Coal Board; or a national return to work with no agreement.

While the last of these clearly now commands the most votes, the issue of the amnesty may mean that none finally gains a majority.

In that case a fourth option, returning the decision on the strike's future to the area executives could come into play. In that case, so many areas would decide to end the strike that it would effectively be over, but not till later next week.

Yesterday two of the country's strongest left-led areas adopted positions which, while agreeing that a return to work without an agreement was the "honourable" course, took different positions on the amnesty.

The South Wales Area council voted in Porthcawl with an 80 per cent majority for an "orderly return to work" from next Tuesday. An amnesty was not set as a condition of the return, but Mr Emlyn Williams, the area president, said after the meeting that without one "there can be no reconciliation, and I can mean that in many ways."

In Edinburgh the joint executives of the Scottish Area of the union and the Scottish craftsmen's group voted for an organised return to work "on the basis of achieving a general amnesty" for miners "victimised" in the past 12 months.

That condition will not be fulfilled, as the NUM leaders know. The Scottish NCB later said that there was not question of a general amnesty for the 180 Scots miners sacked, out of the 12,500-strong workforce, and added that, with some 50 per cent of that workforce back at work, there was also no question of the union "leading" them back.

The pressure for a return, however, built up swiftly yesterday, with area councils in Durham, Lancashire, Northumberland and the white-collar group Cosa joining South Wales in proposing an unconditional return.

Mr Trevor Bell, Cosa's general secretary, said: "I think the prospects are fairly good that it will be all over on Monday. But if the conference does not take the decision to go back, the drift back to work will certainly continue."

In Yorkshire, the heart of the strike, the area council voted 42 to 22 to continue the strike and thus implicitly reject the proposal to return without agreement.

However, the council is to be recalled this afternoon, following branch meetings this morning, and officials last night were predicting a close vote on the return to work proposition.

The North Derbyshire Area council meets again today, and is said by local officials to be "certain" to support the back-to-work move. Both North

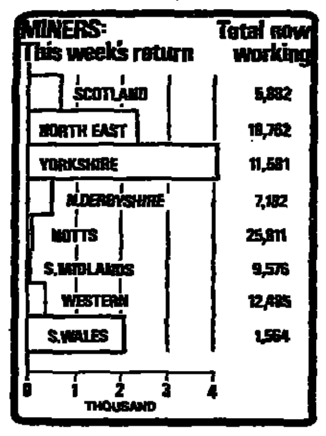
Continued on Back Page
More pit strike news, Page 6

EXPECTED VOTING PATTERN

(Number of votes in brackets*)

Certain or likely to vote to return to work: Cumberland (2) N. Derby (5) Durham (5) N. West (3) Northumberland (3) N. Wales (2) Leicester (3) Scotland (5) S. Wales (9) Group 1 (4) Group 2 (2) Cosa (7) executive members (2)	TOTAL 62
Certain or likely to vote against: Kent (2) power group (2) executive members (2)	TOTAL 6
Intentions unknown: cokemen (2) Midlands (5) Yorkshire (24) executive members	TOTAL 38
Certain or likely not to vote: national officials (3) sponsored MPs on executive (2)	TOTAL 5
Unlikely to attend: Nottinghamshire (13)	TOTAL 13

* Some variation in figures possible because of changes in area membership.



Attack by Europe's banks fails to bring down dollar

BY PHILIP STEPHENS IN LONDON AND STEWART FLEMING IN WASHINGTON

EUROPEAN CENTRAL banks launched another major attack on the dollar yesterday, spending up to $1.5bn in concerted intervention, but failed to reverse the currency's upward trend, which was buoyed up by a sharp rise in the U.S. index of leading economic indicators.

The joint action, led by West Germany's Bundesbank and including most other European central banks, was only slightly smaller in scale than their dramatic raid on the dollar on Wednesday.

But while the mid-week intervention sparked a steep fall in the U.S. currency's value, yesterday's dollar sales succeeded only in preventing it from rising rapidly.

The muted effect made central bankers reluctant to publicise the full extent of their action, again in sharp contrast to Wednesday, and the foreign exchange markets probably did not appreciate the size of the intervention.

Part of the explanation for the market's calmer reaction was that dollar sales were spread fairly evenly throughout the day, while on Wednesday most intervention was concentrated in a short period.

European monetary officials acknowledged that the latest move had not been as carefully timed as the previous action, which caught the market in an extremely nervous state.

Yesterday dollars from the central banks were readily absorbed by the market as expectations of strong U.S. growth and rising interest rates underpinned demand for them.

Optimism about the outlook for the U.S. economy was also underlined by publication of the Commerce Department's index of leading economic indicators for January, which showed its largest monthly rise since June 1983.

The dollar had edged higher against most currencies by the London close, finishing 0.75 pfennig higher at DM3.35.

Sterling lost 0.75 cents to close at $1.0725, and suffered significant losses against other major currencies as concern over prospects for oil prices brought renewed pressure on the pound.

The sterling index, which measures the pound's value against a basket of currencies, fell 0.5 points to 70.8.

That in turn pushed up sterling interest rates, in effect ruling out any remaining hopes of an early cut in the commercial banks' base lending rates.

Foreign exchange dealers predicted further gains for the dollar next week unless the central banks remained in the markets on a significant scale.

The banks may be wary about seeking to lean against a strong upward trend in the U.S. currency, though they insist that this week's intervention shows that they are ready to act together if the dollar moves up too quickly.

The Bundesbank, which sold at least $800m yesterday, to take its total intervention during the week to more than $2bn, is thought likely to be ready to intervene whenever it thinks it may be effective.

Many commercial bankers remain convinced that intervention can have a durable effect

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Building societies set to raise home loans

BY MARGARET HUGHES

MORTGAGE RATES will increase by about one percentage point from April 1 unless bank base rates fall within the next three weeks.

The Council of the Building Societies Association is to defer a decision until after the Budget on March 19 but will hold a special meeting to discuss interest rates on March 22.

The current basic mortgage rate charged by most big societies is 13 per cent, with the Nationwide and Woolwich charging 12.875 per cent.

While the BSA council will hold its regular monthly meeting next Friday, societies want time to consider Budget changes which may affect them before deciding on rates. They are also aware that there is political pressure at the time of the Budget to reduce rates.

Building societies last increased rates at a special meeting in the middle of January, lifting the mortgage rate by between 1 and 1.25 percentage points and the investment rate by three quarters of a percentage point from February 1.

The rises were substantially less than the preceding increase in bank base rates and there has since been a two percentage points rise in bank base rates. With building society rates out of line with market rates, the Halifax, Britain's largest society, has warned that a rise in mortgage rates is "inevitable."

Building societies have been able to delay raising rates because of relatively slack mortgage demand due to the cold weather and the uncertainty over interest rates. They also enjoyed a strong inflow of funds up to the middle of February, although there has been a sharp fall off.

Continued on Back Page

BA fails to resolve deadlock on Laker debt

By Duncan Cambell-Smith

BRITISH AIRWAYS has returned empty-handed and aparently dispirited from its latest attempt in Washington to resolve the impasse between it and Export-Import Bank of the U.S. over how best to settle the outstanding debts of Laker Airways.

Hopes of an imminent solution to the Laker problem—which effectively stands between BA and privatisation—sem to have been set back seriously by anoter meeting with Exim on Thursday afternoon.

Exim is the largest of the Laker creditors. It has so far shown no readiness to accept the terms of an out-of-court settlement for all the Laker debt, as proposed by BA on behalf of the 12 codefendants to the $1.05bn (£979m) civil anti-trust case brought by Mr Christopher Morris of accountants Touche Ross, the Laker liquidator.

Both Exim and BA yesterday stressed their hope that further talks would take place. It was clear, however, that the usual optimism of BA's senior executives had been dented by Thursday's failure to prompt much, if any, real change in Exim's negotiating position.

BA is believed to have told the British Government the gap with Exim remains so big as to render further talks almost pointless—unless the bank can be persuaded to take a different approach. Exim is owed about $76m. The value of its Laker debt has already been substantially written down in Exim's books; but BA is probably offering less than $20m which would still leave the bank with a significant book loss.

The UK and U.S. Governments have exchanged views on the problem this week, though it is unclear whether the impasse found its way on to the agenda for Mrs Thatcher's visit to Washington last week.

Mr Colin Marshall, BA's chief executive, has also sought help from Pan American World Airways and Trans World Airlines—two codefendants in the Laker case—to mobilise a lobbying effort against Exim's stand.

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Tourism and leisure study launched

BY PETER RIDDELL, POLITICAL EDITOR

THE DEVELOPMENT of tourism and leisure in Britain is to be examined by a ministerial committee under Lord Young of Graffham, Minister without Portfolio, as part of his co-ordination of Whitehall work on job creation and stimulating enterprise.

The review will concentrate on obstacles to these industries' growth such as planning regulations. It will also look at possible changes in liquor licensing laws in England and Wales.

The move highlights Lord Young's growing responsibilities and his increasing influence on the Prime Minister since his appointment last September. This has led to some criticism from affected departments. He already chairs three special Cabinet committees, one of them on small businesses.

The tourism and leisure review is planned to begin shortly and the small businesses review is due to be completed within a month or two.

The latter review reflects ministers' views that these labour intensive industries offer a good prospect for job creation on a large scale, particularly for part time workers, but face considerable obstacles to expansion at present.

No formal terms of reference have been set for the leisure review but it is likely to look at issues similar to those covered by the existing committees, notably those on de-regulation and small businesses.

There is also interest in whether certain long-established British restrictions, such as the licensing laws, have made the UK less attractive to foreign visitors. Some ministers want the restrictions in England and Wales substantially eased, following what they regard as successful similar moves in Scotland.

The needs of tourism are one reason why the Government supports the Auld Report's proposals for the ending of current restrictions on shopping hours.

The scope for job creation by the tourist industry is also being examined by a study commissioned by the Confederation of British Industry from Professor Rik Medlik of Surrey University.

Lord Young's wide range of activities and their demands on ministers' time have caused some irritation in the rest of Whitehall. Most of the committees co-ordinate the work of half a dozen or so different departments, all of which have to be represented by a minister.

Some ministers, while acknowledging Lord Young's positive contribution in producing ideas, feel there is a danger of attempting to second-guess existing work within departments and of holding up, rather than accelerating, new initiatives.

MARKETS

DOLLAR

New York lunchtime:
DM 3.3445
FFr 10.2125
SwFr 2.855
Y259.95

London:
DM 3.35 (3.3425)
FFr 10.245 (10.205)
SwFr 2.8575 (2.855)
Y260.3 (259.5)

Dollar Index 154.3 (153.5)
Tokyo close Y260.5

U.S. LUNCHTIME RATES

Fed Funds 8¾%
3-month Treasury Bills: 8.56%
Long Bond: 95 3/32
yield: 11.83

GOLD

New York: Comex March latest $289
London: $287.25 ($288.75)

STERLING

New York lunchtime $1.0725
London: $1.0725 (1.08)
DM 3.6 (3.615)
FFr 11.025 (11.035)
SwFr 3.085 (same)
Y280 (280.5)
Sterling Index 70.8 (71.3)

LONDON MONEY

3-month interbank:
closing rate 14% (13 15/16)
3-month eligible bills:
buying rate 13 13/16% (13 1/16)

STOCK INDICES

FT Ord 975 (−4.9)
FT-A All Share 605.82 (−0.4%)
FT-SE 100 1,250.8 (−5.9)
FT-A long gilt yield index:
High coupon 10.86 (10.81)
New York lunchtime:
DJ Ind Av 1,294.17 (+10.16)
Tokyo:
Nikkei Dow 12,412.14 (+90.22)

Chief price changes yesterday, Back Page

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For London market and latest share index 01-246 8026; overseas markets, 01-246 8086.

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; Finland Fmk 6.00; France Fr 6.00; W. Germany DM 2.20; Greece Dr 70.00; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 110;

Space weapons may increase threat of war, warns Gromyko

BY TOM BURNS IN MADRID

MR ANDREI GROMYKO, the Soviet Foreign Minister, warned yesterday that the possibility of a nuclear war was "no exaggeration." If the arms race was allowed to "erupt in space."

Mr Gromyko accompanied his threat with an olive branch: "Once Star Wars projects are abandoned the possibilities will be opened for a reduction—even a drastic reduction—of strategic weapons and medium-range nuclear arms."

The Soviet Foreign Minister was speaking at a Madrid Foreign Ministry reception given in his honour by Sr Fernando Moran, the Spanish Foreign Minister, on the second day of an official visit to Spain.

While not mentioning the U.S. directly, Mr Gromyko implicitly criticised Washington, saying there were ridiculous attempts to convince public opinion "that the path towards disarmament lies in the creation of increasingly sophisticated new types of weapons."

He said Moscow's response to such new weapons would be firm and uncompromising. "Attempts to achieve military supremacy will not be allowed to materialise either on earth or in the cosmos," he said.

The tough speech appeared to strike a new urgency in the Soviet Union's propaganda battle over Star Wars in advance of the Geneva arms talks.

Mr Gromyko said his conversations in Madrid had centred on "how to prevent the militarisation of space and how to contain the arms race."

The Soviet Foreign Minister's failed, however, to elicit direct Spanish support for Moscow's anti-Star Wars platform. Sr Moran made clear that Spain was studying the issue but had no intention of taking a stand at the moment.

Mr Gromyko, who returns to Moscow today, also failed to drive any wedges between Spain and the West over the Nato issue. Sr Moran, in his speech at the Foreign Ministry lunch, said that "for obvious reasons," Spain forms part of the West and "defends its values and way of life."

Spain's Prime Minister, Felipe Gonzalez favours remaining in Nato, although not as a member of the military command structure. He has promised to hold a referendum on the issue

Bonn likely to compromise over car emission controls

BY PETER BRUCE IN BONN

WEST GERMAN efforts unilaterally to introduce emission controls on cars sold in West Germany from 1989, are now thought certain to be watered down after the Community's environment ministers meet to discuss the move in Brussels next Thursday.

Bonn has begun a last-minute round of hurried negotiations with its EEC partners, most of whom oppose the move for fear of it affecting sales of foreign cars in West Germany, in an effort at least to win some sympathy for its position.

However it became clear yesterday, following talks here between Herr Frederich Zimmermann, the West German Interior Minister, and Mr Stanley Clinton-Davis, the Brussels Environment Commissioner, that the West German side has resigned itself to compromise. Commission officials said both men had agreed that a "political" solution to the problem would have to be found.

Mr Clinton-Davis, one of Britain's two commissioners in Brussels, said after his talks that "failure to find a solution on Thursday will have serious ramifications for the unity of the Common Market and for the development of the European car industry."

Martial law restored in Bangladesh crackdown

By Sayed Kamaluddin in Dhaka

BANGLADESHI military leader Lt-Gen Hossain Mohammad Ershad yesterday banned all political activities and said he would hold a referendum on March 21 to seek a vote of confidence on his continuation as the country's President.

The country's six universities have been closed down indefinitely and a midnight to dawn curfew has been imposed in the capital. The curfew and other restrictions followed the President's announcement that he was reimposing martial law and was again setting up special tribunals and summary military courts.

Lt-Gen Ershad, who took power in a bloodless military coup in March 1982, denounced opposition parties which had threatened to boycott parliamentary elections planned for April 6 and said that "martial law would be applied with full force" until conditions were suitable.

Lt-Gen Ershad had recently relaxed the application of martial law, partially restored fundamental rights and released a number of convicted political prisoners in an apparent bid to create a "congenial atmosphere" for elections.

Since May last year the authorities shifted dates of parliamentary elections thrice in what they claimed was an effort to persuade the key opposition parties to participate. Yesterday Lt-Gen Ershad said that it was now clear that a referendum was the only way to ascertain public opinion, although he did not rule out the possibility of holding elections at a later date.

Farm compromise

Mr Jesse Helms, chairman of the Senate agriculture committee, has responded to the Reagan Administration's radical farm Bill with a compromise plan providing for more generous price supports for farmers, our Foreign Staff report.

Confusion surrounds key decisions on the budget and enlargements, **Quentin Peel** reports

Fog descends on EEC's deliberations

A DENSE fog descended on Europe this week. It not only wreaked havoc with airline schedules and road transport. It also left considerable chaos and confusion in the elevated councils of the European Community.

As EEC foreign ministers were left stranded in various airports on their way to an extraordinary meeting in Brussels, or delayed for hours in their efforts to attend, the deals they were supposed to agree—on bringing Spain and Portugal into the Community, on financing the hole in their budget plans, and on buying off Greece with a generous package of spending programmes — were left in a similar state of disarray.

There was confusion yesterday over just what had and had not been agreed in the talks that did take place, both among the ministers in Brussels, and at the Franco-German summit meeting in Paris.

And there was not a little alarm that the end result of all the fog was a step backwards from the starting point of the discussions, instead of a notable advance.

In the first place the fog delayed the morning talks between President Francois Mitterrand and Chancellor Helmut Kohl in Paris, and prevented their Foreign Ministers, M. Roland Dumas and Herr Hans-Dietrich Genscher from flying to Brussels.

That meant the accord they reached on the interminable problem of how to finance the cash-straitened EEC budget had to be explained over the telephone to Brussels, leaving many people in the dark.

In turn, Sir Geoffrey Howe, the British Foreign Secretary, never left London to attend the talks and spell out his own position on an issue which affects Britain most closely, because of its promised Ecu 1bn (£570m) cut in budget contributions this year.

Sig Giulio Andreotti, the Italian Foreign Minister and current president of the EEC Council of Ministers, was held up on his way from Rome, although he only arrived an hour later than planned.

As for Mr Theodoros Pangalos, the Greek Minister responsible for European affairs, he was starnded in Lyons on his way to Brussels, where he was supposed to spell out his government's position on the disputed question of spending plans for the Mediterranean regions.

In Paris, the French and West German leaders put together a deal on the budget which would allow more money to be paid over by the member states in 1985, provided the enlargement of the Community to include Spain and Portugal is first agreed. Equally, it seems to suggest that no money will be forthcoming until later if the negotiations drag on, and accession is not formally ratified by all concerned until next year.

Yet when the deal was presented in Brussels by Herr Jurgen Ruhfus, the West German Minister of State, it was greeted by his French counterpart, Mme Catherine Lalumiere, as "ill-starred." Only as the talks progressed did she imply it might be acceptable to her government.

But the package was regarded with some consternation by Britain, whose officials saw the plan as a new attempt to link the reduction in Britain's budget contributions to the ultimate enlargement of the Community.

Yesterday all sides were at pains to explain their positions, without casting much more light on the situation.

The French view was that the whole plan had to be viewed in an optimistic light, assuming that the Ten would all finalise the talks with Spain and Portugal by the end of March, and hence be able to ratify the accession treaties and the decision to increase their budget contributions before the end of the year.

The British stressed that their Ecu 1bn cut in contributions had been promised in 1985, and they would not approve any plan which failed to meet that deadline.

As for the West Germans, they admit that delayed enlargement would mean that no money would be available for the British reduction before the end of the year.

The Foreign Ministers and their alternatives gave up their talks on Thursday night in some confusion, and now it is up to their national officials to clear the mists.

Even if they manage to cope with the budgetary problem, however, they still have to cope with Greece and the Mediterranean question.

Argentina reiterates pledge to honour debt

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA again moved to reassure its creditors that the abrupt switch in its economic team will not undermine the country's determination to stick to its debt obligations.

In his first detailed policy statement since becoming Economy Minister, Sr Juan Sourrouille singled out a concerted effort to reduce the country's spiralling inflation rate as the lynch pin of the country's short-term economic programme.

"We shall go on honouring the agreement signed with the International Monetary Fund and the commercial banks, although we shall continue to seek a more global discussion of the debt problem in co-operation with other Latin American member countries of the Cartagena group," Sr Sourrouille said in a nationwide broadcast on Thursday night.

Claiming that Argentina was facing an "economic emergency," the Minister urged his fellow countrymen to reconcile their politically motivated demands on state resources with a "more rational and efficient handling of the economy."

Sr Sourrouille outlined the following main instruments for batling with the country's three digit inflation, restoring growth, and improving the debt service ratio.

- A greater control on government spending. There is to be no further transfer of Treasury funds this year to the country's leading state companies, as well as a sharp increase in transport and energy prices as a way of reducing further Government subsidies.
- Fiscal reform, and a clampdown on tax evasion. The Government will soon present Parliament with new legislation increasing income and property taxation for higher wage earners and to improve the efficiency of tax inspectors.
- Financial reform. This will focus on a reduction in the number of bank branches and the re-orientation of domestic credit away from speculation and towards productive investment. Interest rates have been increased by 2 per cent on the regulated financial market to soak up excess liquidity.
- An export-led economic recovery. The main export boosts will come from agriculture and greater foreign investment in the deveopment of the country's natural energy resources.

Business sectors yesterday reacted cautiously to Sr Sourrouille's speech, weighing his apparent pragmatism and moderation against his deliberate vagueness on the two politically sensitive issues, wages and exchange policy.

Kyprianou spurns call to resign

By Andreas Hadjipapas in Nicosia

CYPRUS'S political and constitutional crisis deepened further yesterday as President Spyros Kyprianou turned down demands from two opposition parties that he should resign and call early presidential elections.

In a radio and television broadcast last night Mr Kyprianou dismissed charges that he did not want a Cyprus settlement and said he would stay in office to pursue his efforts for "a just and viable" solution to the divided island problems, a solution he said which should ensure an end to the Turkish occupation and not a temporary and short-lived one.

Mr Kyprianou was responding to a vote of censure in the House of Representatives last week adopted by the Communist Akel and the right-wing Democratic Rally Parties which together represent two thirds of the Greek Cypriot electorate and hold 23 of the 35 seats in the House.

The censure vote criticised his conduct of talks with Mr Rauf Denktash, Turkish Cypriot leader, in New York in January. It asked him to accept, without delay, a draft accord worked out by the United Nations Secretary General which provided for a bicommunal federation in Cyprus.

In his broadcast the President said if he accepted the will of the two parties in their "opportunistic alliance," he would irrevocably have ceded presidential powers emanating from the constitution, for all future presidents, creating constitutional disorder in the country.

Luxembourg TV satellite scheme excludes Coronet

BY RAYMOND SNODDY

LUXEMBOURG yesterday set up a private sector company to distribute programmes via its own satellite to cable television networks all over Europe.

The company, the European Satellite Corporation (SES), has the backing of Belgian, West German and Luxembourg Banks and Swedish and Danish companies.

The company excludes Dr Clay Whitehead, former director of the U.S. Office of Telecommunications Policy who first suggested the concept of a Luxembourg satellite financed by private capital.

Mr Pierre Werner, the former Luxembourg Prime Minister, signed an agreement with Dr Whitehead last May. Dr Whitehead's company, Coronet, was to operate a satellite from Luxembourg's orbital position although Luxembourg financial institutions would dominate the holding company.

The new Luxembourg Government of Mr Jacques Santer felt the Coronet project was insufficiently European and had only attracted one or two investors so far.

The aim would be to launch a satellite next year. The Luxembourg state savings and investment banks will each take 10 per cent of the project and have one third of the voting shares.

Ortega and Shultz plan meeting in Montevideo

Nicaraguan President Daniel Ortega and Mr George Shultz, the U.S. Secretary of State, will meet in Montevideo today to discuss the possibility of reviving Central American peace negotiations, U.S. officials said yesterday, AP reports.

The two officials are here heading their respective delegations for the inauguration of Uruguay's President Julio Sanguinetti, after nearly 12 years of military rule.

Mr Shultz and Sr Ortega both expressed interest in face-to-face discussions on the initiative announced Wednesday by Nicaragua, but there was a delay in arranging the meeting as each waited for the other to extend a formal invitation.

U.S. officials, who asked not to be identified, said the impasse was broken when Nicaragua formally requested the meeting through diplomatic channels.

David Weins adds from Montevideo: Nicaragua's Foreign Minister, Sr. Miguel D'Escoto, said: "We bank on this occasion to begin to talk about the normalisation of our bilateral relations with the United States." Bilateral talks between the two countries that got started last June in Manzanillo, Mexico, have been suspended by the Reagan Administration since January.

Asahi shares soar on 'cancer cure' report

BY JUREK MARTIN IN TOKYO

TRADING IN the shares of Asahi Chemical went through the roof on Japanese stock exchanges yesterday following reports both here and in London that the diversifying textiles concern had made a major breakthrough in the search for an anti-cancer drug.

Its common stock opened and closed at Y820 (£2.91), up its maximum permitted Y100 on the day under SE rules. But that gives only the barest sense of what one foreign broker here described as "the most monumental trading spectacle" he had ever seen anywhere.

On the day, 54.57m Asahi Chemical shares were traded in Tokyo, and a further 6m in Osaka; at the end of the session in Tokyo there were outstanding buy orders for another 90m shares.

Thursday's Tokyo volume, when reports first began to circulate, reached 21.7m shares. On the quiet of Monday it had been a more typical 1.2m. Altogether the company has 1.18bn shares outstanding.

Nomura Securities, Aashi Chemicals' underwriters, began offering shares in London on Thursday and one foreign reported that his firm had snapped up 500,000 at Y720; yesterday, he added, he had bought at least another 1m.

Behind this latest extraordinary investor interest lay published reports, one by Nikkei Biotech, a U.S.-Japanese magizine operating in Tokyo, the other by Nature, of the UK, whose article was subsequently given banner headlines on Thursday by the London evening Press.

The thrust of the Japanese article was that Asahi Chemical and its U.S. research associate, the Beckman Laboraties of the City of Hope, California, would be the first to proceed with clinical trials of human TNF (tumour necrosis factor).

Though this was far from clear yesterday, Asahi Chemical may also be the first to file product patents for human TNF, ahead of its apparent principal rivals, a collaboration between Genentech of the U.S. and Fujisawa of Japan.

Ms Sue Thompson, Jardine Fleming's pharmaceuticals specialist in Tokyo, warned that the actual situation was extremely confusing involving, as it did, secret and highly competitive research operations. She also noted that though TNF research on rabbits had looked promising—and human TNF is said to be 10 times as powerful—similar, yet still unfulfilled, hopes had been held out in the past for alpha interferon.

Of the five groups known to be deeply into TNF research, four involve Japanese concerns—Asahi Chemical (with City of Hope), Fujisawa (with Genentech), Dainippon and Suntory (with BASF and Biogen); Cetus of the U.S. is also working on it.

German officials meet in Bonn

The first high-level meeting took place yesterday between East and West German officials since Herr Erich Honecker, East Germany's leader, cancelled a planned visit to West Germany last September at the request of the Soviet Union, writes Leslie Colitt in Berlin.

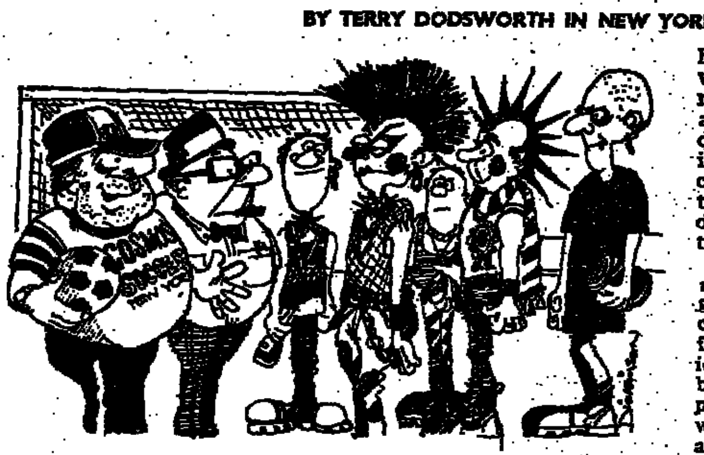
Herr Hermann Axen, East Germany's influential Politburo secretary in charge of international relations, met West Germany's Foreign Minister, Herr Hans-Dietrich Genscher, and Herr Wolgang Shaeuble, the head of the West German Federal Chancellery in Bonn. Herr Genscher and Herr Axen said the two states could make an important contribution to improving East-West relations.

How a U.S. soccer strategy came unstuck

BY TERRY DODSWORTH IN NEW YORK

MR GIORGIO CHINAGLIA, former goal-scoring hero and current manager of the legendary New York Cosmos soccer club has just gone through a very trying experience.

Only six months ago, he bought a controlling stake in the team amid high hopes that his local popularity and flair for publicity would breathe new life into the organisation. This week, after a $1.5m loss he abandoned his effort to turn the Cosmos into an indoor team, cast doubt on its future in the outdoor professional league, and announced a brand new strategy based on a glamorous exhibition matches against big-name foreign teams.



"To get better TV coverage I bought some English fans"

The Cosmos's problems are a striking illustration of the abrupt reversals that can suddenly occur in American sport. Until the end of the 1983 season, everything seemed to be going the Cosmos's way. The club was the play thing of the then embarrassingly wealthy Warner Communications, which seemed overjoyed to fund an expensive galaxy of fading international stars such as Pele of Brazil or Franz Beckenbauer of West Germany.

Bankrolled to the tune of an estimated $2m to $3m a year, the Cosmos team pulled in both the crowds and the victories at the magnificent meadowland league for several years in succession.

Warner's aim was to create instant success with its all-star team, building up profits rapidly, and thereby generating the funds for further investments. In 1983 this approach suddenly went wildly wrong when Warner plunged overnight into acute financial difficulties because of losses by Atari, its electronics games division at that time.

If the Cosmos team had by then managed to land a lucrative television contract, it might have survived the bloodbath which ensued in the group was still draining out cash, and Warner was only too happy to sell a 60 per cent stake to Mr Chinaglia as it started to rebuild its battered balance sheet. "We were disappointed that we were never able to build a broader supporter-base in New York," a Warner executive confided at the time. "We always had to rely too heavily on ethnic supporters who were more interested in overseas starts than American players."

Mr Chinaglia started out with a tremendous fund of good will. A Welsh-born player, who found his way to the Cosmos via Swansea and Lazio his assertiveness goes down well in a city where modesty never wins any prizes. He also arrived just after a tremendously successful year managing Lazio (where he is still in charge), and, even more importantly, he had an idea — he decided to take the team into the indoor league.

Indoor soccer, American-style, is a unique six-a-side game, born out of American commercial cunning and an eye for the television dollar. The idea was to create a sport, like basketball or ice hockey (it is played in an ice hockey stadium, without the ice), with non-stop action and a fair amount of scoring—an average of ten goals a game. Spectators watch in comfort during the winter months, and are much closer to the game than in traditional outdoor soccer.

Indoor soccer is also broken up into four periods a game, partly because it is so physically demanding, but partly because that is what television wants. Indeed, in order to provide even more natural breaks for TV advertising, a system of time-outs—occasions when a team can stop the clock to discuss tactics—was borrowed from American football. Conventional football has always suffered in the U.S. because advertisements clash with the flow of the game.

larity and popularity means television ratings. Cosmos has failed abysmally on all counts. In 33 games, it won 11 and lost 22, while its average indoor crowd was only 4,100. In desperation, Mr Chinaglia put on his football togs again a few weeks ago and knocked in a few goals. But the effort proved futile and in the end he was forced to concede defeat.

His alternative strategy, he says, is to cater to the one area where soccer in New York has been an unquestioned success — the international exhibition match. During this summer, Cosmos is aiming to slot in around 15 games with teams such as Manchester United (already tentatively signed), Barcelona, Sao Paulo and Hamburg. The club is also aiming to hire overseas stars of its own to play in these glamour events.

Meanwhile, Cosmos is uncertain whether it will stay in the North American Soccer League, the governing body for the U.S. game. It has not paid its $150,000 fee to the league for the summer season, and is openly suggesting that it may drop out altogether.

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Jaguar chairman leaves after eight months

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR HAMISH ORR-EWING has stepped down after only eight months as chairman of the Jaguar car company.

He is to be replaced by Mr John Egan, chief executive and the man given much of the credit for the revival of Jaguar in recent years.

Mr Kenneth Edwards, director personnel, and Mr Michael Beasley, director of manufacturing, have been appointed to the Jaguar board, and as a result the balance of power has swung in favour of the executive directors, who now outnumber the non-executives.

After the news last night, the Jaguar share price rose by 6p to 328p. When the company was sold back to the private sector in August the price was 165p.

Mr Orr-Ewing, 59, who is also non-executive chairman of Rank-Xerox, was named chairman-designate of Jaguar last May at the time the company was being lined up for disposal by BL. He took over the position, which brought him an annual salary of £25,000, plus £10,000 director's fee, on July 26.

His job was to provide the contacts with City and financial institutions which the executive director of Jaguar lacked.

The company attempted yesterday to play down the problems which have obviously arisen between Mr Orr-Ewing and Mr Egan by issuing a statement quoting Mr Orr-Ewing as saying: "I am now confident Jaguar has settled down well as a public company that its executive management is fully capable of controlling its destiny."

Mr Orr-Ewing will remain a non-executive director of the company.

The Jaguar statement, to which the company refused to all, quoted Mr Egan as stating: "Hamish has guided Jaguar through the difficult period immediately following our privatisation. We are all extremely grateful for his contribution."

Alliance sets out its strategy for Budget

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

A £4bn public spending programme aimed at cutting unemployment to 2.7m by the end of this year while holding inflation to 6.9 per cent is the main feature of the Budget strategy published yesterday by the Liberal/SDP Alliance.

The package includes a £1bn boost for public sector capital spending (£800m on housing, £200m on roads); a 1 per cent cut in employers' National Insurance contributions, costing £745m; additional payments for low income families and the long-term unemployed; and an expansion of community jobs programmes and youth training programmes.

These would add an estimated £1.9bn to the Public Sector Borrowing Requirement as well as using up the £1.5bn which the Government had hoped to set aside for tax cuts.

The inflationary effects would be curbed by a "steady monetary policy" (with the possibility of rising interest rates to support the sterling exchange rate within the European Monetary System), and a tight rein on wage increases in the private and public sectors, with a 12 month pay freeze if necessary. Inflation would, however, remain slightly higher than projected levels.

Introducing the package yesterday, Mr David Steel, the Liberal leader, emphasised the capital spending element which he presented as a superior brand of the "household economics" advocated by the Prime Minister.

"Most people in their own households recognise that they must invest in maintenance," he said. "This government has not invested in the maintenance of Britain — they have been bad householders."

Dr David Owen, leader of the Social Democrats, said the package showed that the Alliance had the will to reduce unemployment in a credible way without triggering high inflation. It would bring unemployment 500,000 below projected levels by the end of this year.

The Alliance Budget paper says the Government's budgetary and monetary policies have been "unnecessarily restrictive."

LABOUR HAS established a two point lead over the Tories, benefiting from a slide in support for the SDP/Liberal Alliance, according to a Mori opinion poll published last night.

The poll, conducted between February 16 and 18, puts Labour in the lead for the first time since last August, and shows the party at 40 per cent, with 38 per cent for the Tories and 19 per cent for the Alliance.

It continues the trend shown in recent Mori polls, which had the two main parties converging on 37 per cent at the beginning of February with the Alliance at 24 per cent. In the first week of January the position was Tories at 42 per cent, Labour at 34 per cent and the Alliance at 21 per cent.

It points out that over the past five years, the PSBR has fallen in real terms from £15bn to £6bn (1982 prices) while unemployment has more than doubled.

Other job-creating measures should include:

- An increase in the community programme for the long term unemployed from 130,000 to 250,000 in the current year, and a new programme for the long-term unemployed who are under 25, providing 75,000 places this year and 150,000 places within two years. These would cost an estimated £685m.
- An extension of the youth training scheme to cover all 16 and 17-year-olds who wish to take part, providing an estimated extra 250,000 places at a cost of £600m.

On benefits, the Alliance proposes:

- Extending the long-term rates of supplementary benefit to cover the long-term unemployed under 60, providing an extra weekly £8.65 for single people and £11.55 for married couples at a cost of £485m.
- Restructuring the family income supplement scheme, raising thresholds to increase the number of recipients from 200,000 to 1.25m, with higher payments for most of those eligible. This would cost £475m.

Brendan Keenan on the Newry terrorists who struck out with a pipe stuck in a concrete block

Desperate for arms, the IRA resorts to backyard weaponry

A crude mortal shell reduced Newry Police Station to a pile of rubble, killing nine people.

IT IS hard to imagine anything cruder than the IRA mortar shells which killed nine RUC officers in Newry police station on Thursday evening.

These home-made devices are put together in backyard garages and machine shops and fired from pieces of piping embedded in concrete on the backs of lorries.

As Thursday proved, it is also difficult to imagine a terrorist weapon more dangerous and more frightening. They have been used sporadically since the early 1970s but never before with such devastating results.

With hindsight, it can be said that the security forces and civilian population have been lucky over the years. The mortars are wildly inaccurate and most previous attacks have missed their targets.

This makes them particularly dangerous to civilians near security installations. On one notorious occasion a mortar landed in a school playground but failed to explode.

The Newry attack was similarly wild. Some of the shells—at least six were fired—ended up outside the walls of the fortified station; others failed to explode and were dealt with yesterday by army experts. But at least one struck a Portakabin used as the station canteen and it was there that the casualties — the worst the RUC has suffered in a single incident—took place.

The attack was a replica of many others, apart from the scale of the carnage. A lorry hijacked in South Armagh, a few miles from Newry, was fitted with the tubes and mortars.

It was parked less than 200 yards behind the station and explosive charges in the base of the mortars were detonated electrically.

Security experts say the devastation was due to luck, rather than any new technique, and this stroke of luck could not have come at a better time from the IRA's point of view.

They are under considerable pressure and are known to be short of weapons and materials. The security forces have scored a number of intelligence coups recently and, although there is still argument about it, the Dublin Government believes the I£1.75m (£1.5m) seized recently was IRA funds.

The capture of seven tonnes of arms from a trawler off the Irish coast last year was an even more bitter blow. It meant the loss of months, if not years, of planning and £2m to £5m in funds.

The weapons, especially the heavy machine guns, were badly needed to pursue the IRA's present strategy.

That strategy is to avoid civilian casualties where possible in favour of attacks on security forces or political targets. These should preferably be what is known in Ulster's hard-bitten jargon as "spectaculars," involving multiple deaths or some other feature to grab newspaper headlines.

The bombing of the British Cabinet at the Grand Hotel in Brighton was the ultimate "spectacular" from the IRA's point of view.

Newry now joins the list and, ironically, just three miles away from the bombed police station is the spot where 18 paratroopers died in 1981 in the Army's worst single incident in Northern Ireland.

The new IRA tactics are meant to maximise electoral support for their political movement, Sinn Fein, but they have led to some odd ironies.

Northern Ireland life is more normal than at any time since the troubles began, with Belfast's city centre enjoying a minor property boom. But statistics collated by the London-based Irish Information Partnership show that, while the number of incidents have fallen, the number of death in each incident has increased.

In other words, the terrorists are becoming more "efficient" and the victims are usually members of the security forces, often local part-timers.

The RUC, as its deputy chief constable asserted, will not be deflected from its present role as the main security agent in the province, but the price is high.

A recent survey of more than 30 police forces around the world showed that RUC members run the highest risk of being killed on dtuy—50 per cent higher than in El Salvador and four times higher than in U.S. cities like New York.

The number of deaths in the Newry attacks means that many members of the 10,000-strong force will have known one or more of the victims.

But the force has learned to cope, although the strain shows in higher-than-average incidences of drinking problems, marital difficulties and even—according to some statistics—of suicides among members and their relatives.

The political atmosphere will be poisoned even further. The years of killing have opened a gulf of misunderstanding between the communities which may be impossible to bridge.

MR DOUGLAS HURD, the Northern Ireland Secretary, yesterday visited the Newry police station where nine officers died in an IRA mortar attack on Thursday night.

Several men, arrested in raids in the Newry and South Armagh area during the day, were being questioned about serious terrorist crimes, the RUC said.

Mr Hurd said security chiefs had told him there was no new expertise used in the IRA attack. It was a stroke of good fortune for the terrorists that one mortar bomb had fallen on a Portakabin used as a police canteen.

He added: "The terrorists are wrong to think that such attacks weaken the Government's determination to pursue a robust security policy. They only strengthen that determination."

Sir John Hermon, Chief Constable of the RUC, has cut short a lecture tour of the U.S. to return to the province. He is expected to meet Mr Hurd over the weekend.

Mr Alan Wright, chairman of the Northern Ireland Police Federation, who lost a niece in the attack, said the deaths hurt every member of the force and was bound to lower morale.

BBC advised to combine its sales ventures

BY RAYMOND SNODDY

THE BBC should bring all its commercial operations under a single organisation and management structure, an independent study argues.

Marketing Improvements, the largest independent marketing consultants in the UK, was asked by the BBC to look at its commercial operations to see whether they could be more efficient and profitable.

The report delivered to the BBC two weeks ago recommends radical changes.

The Corporation's commercial activities come under the responsibility of different BBC directorships. Together, it is believed their annual turnover exceeds £100m a year.

The largest in terms of turnover is BBC Publications, publisher of the Radio Times and the Listener, with a £53m turnover in the last financial year. Next is BBC Enterprises with a turnover of £31.4m last year, responsible for programme sales, records, videos and the BBC microcomputer.

There is also the Hulton Picture Library, English by Radio and Television on the External Services, BBC Data, which is involved in information data banks, a micrographics operation and radio transcription service, which sells discs of radio programmes to foreign broadcasters.

Marketing Improvements suggests that although activties are run by skilled teams they need a *more co-ordinated* market focus.

The implication of the main recommendation is that a unified commercial BBC organisation would be run by someone with extensive commercial experience, probably from outside the BBC.

The report contains options involving less drastic integration.

Marketing Improvements, which has carried out consultancy *work for major* companies in food, banking and the motor industry, also suggests that the corporation's commercial activities should be targeted more *sharply*.

The attempt to make the best possible commercial use of resources is politically important as the BBC awaits the outcome *of a claim for a £65* licence fee—a rise of 41 per cent.

But commercial operation, however their efficiency is improved, are unlikely to have more than a small impact on the corporation's licence fee needs.

● The BBC's new soap opera, Eastenders, has helped to boost the BBC share of the television audience. The first episode was watched by 17.35m. The only ITV programme to beat that was Coronation Street.

Programmes such as Eastenders, The Two Ronnies (17.9m), and Miss Marple boosted the BBC share of the audience to 45.9 per cent in the week ending February 24. This is a big improvement on many recent weeks when the BBC audience share has been squeezed down to 40 per cent.

Mr Brian Wenham, BBC Television's director of pro*grammes, said yesterday that* the new pattern at 7 pm—Eastenders twice a week and Terry Wogan three times—gave a strong foundation to weekday evenings.

Viewing figures for Panorama and the Nine o'Clock News had also increased.

Thames TV finance head quits

BY RAYMOND SNODDY

MR IAN SCOTT, director of finance at Thames Television, has left the company. Staff at Thames were told this week that Mr Scott offered his resignation and had left.

Thames refused to say yesterday why Mr Scott, who had been director of finance at the largest ITV station for the past 10 years, had left but indicated that it was for personal and family reasons.

Mr Scott offered his resignation 10 days ago.

A successor has not yet been appointed but Mr Derek Hunt, deputy director of finance, will carry out Mr Scott's duties for the present.

Hooligans give the footballers a pounding

By Kevin Brown

THE £1 coin — heavily criticised since its introduction last year — has *become a favourite weapon* for football hooligans, who find its weight and size make it an ideal missile.

Up to £30 in pound coins *has been found in* the goalmouths at some major football league matches, say MPs who have heard reports from leading clubs.

The problem marks a new phase in football violence, which is beginning to worry MPs, and has led to suggestions from some football officials *that* high perspex barriers may have to be placed around pitches at some grounds to prevent players being injured.

This suggestion is likely to be included in an Environment Department report due later this month which will explore crowd security at football matches. It follows an initiative launched by the department last year, when many people involved with the game were invited to give evidence.

One suggestion made by the department, a league table of clubs with hooligan problems, has been quietly dropped after critics said it would encourage hooligans to try to *outdo* their rivals.

Submissions to the department have revealed increasing concern over attacks on players, underlined by several incidents in which fans attacked teams leaving the pitch.

Apart from the use of £1 coins, there has been an increase in the number of *sharpened* 10p pieces and darts—for long the hooligans' favourite weapons — thrown onto pitches.

Further issue of index-linked gilts

THE GOVERNMENT yesterday sought to revive its debt funding programme by announcing the issue of a further £300m worth of existing index-linked gilts which will be offered for sale on Monday.

The two stocks on offer are £150m of 2½ per cent index-linked Treasury 2009 and £150m of 2½ per cent Treasury 2016.

Raymond Snoddy on a TV channel broadcast by satellite from small London studios

Europe switches on to the Music Box pop show

MUSIC BOX may not yet be a name on everyone's lips but in Eindhoven, 59 per cent of 11 to 25 year olds watch it at least *once a week. In* Burnley and Pontypridd it is more popular than BBC's Top of the Pops among cable television subscribers, according to indepen*dent research.*

Music Box is the first pop music channel for Europe. It goes out 18 hours a day—six hours of new programmes broadcast three times—on the European Communications Satellite.

Although only launched in July the channel is already available to 1m homes. Between now and April that will grow to more than 1.5m as Helsinki and more towns in Holland and Switzerland get the benefit of pop through every waking hour. The target is 4m homes by the end of the year.

Interviews with musicians, presentation and links between programmes go out live from two studios little bigger than living rooms just off London's Tottenham Court Road. But the heart of the channel is the *apparently limitless supply of* sophisticated promotion video tapes made by pop groups and record companies.

"Our production values are actually *many times greater* than traditional broadcast television," claims Mr Charles Levison, chief executive of Music Box, who was once the *Beatles' lawyer.*

He believes video promos cost an average of £15,000 for a three minute slot—which means that as much as £300,000 *an hour may be spent on much* of the material of Music Box shows.

The channel pays royalties for using the music but total run*ning costs still average only* £1,000 an hour.

But Thorn EMI, which owns 50 per cent of Music Box, Virgin (45 per cent) and Yorkshire Television (5 per cent) have paid high investment costs. The channel is spending at the rate of £7m to £8m a year including satellite communication charges of £3m a year.

The aim is to fund the channel largely from advertising. But apart from an initial burst of

Mr Levison: reaching out for £2m revenue.

soft drinks advertisements for the European launch in July, Music Box earned no revenue for four months until a few pre-Christmas record advertise*ments.*

That seems about to change. In January, Mars, the American food group, launched a 12-month campaign on Music Box for a substantial sum. The *channel* expects other campaign announcements in the next few weeks.

Music Box also has high hopes that a multinational will sponsor one of its regular programmes, European Tour Guide, which gives information and videos on concert tours by leading artists.

"We expect revenue from April 1985-86 to be at least £2m," says Mr Levison.

There is a great contrast between the slow spread of multi-channel cable television in the UK and the speed with which British programme providers such as Music Box are penetrating the European cable market.

"By April, only 4 per cent of our business will be in the UK," Mr Levison points out.

He hopes Music Box will match and even exceed the speed at which MTV, the pop cable channel in the U.S. moved into profit.

MTV, launched in 1981 on a diet of hard rock and top-40 music videos 24 hours a day, became profitable in the first quarter of 1984. Stock brokers Salomon Brothers said recently that MTV's earnings per share were expected to grow by 67 per cent *this year.*

Mr Levison hopes Music Box will break even during its second year. This largely *depends how quickly Music Box* is accepted in the rest of Europe.

It is already available on cable networks in the UK, West Germany, Sweden, Switzerland and Finland. The channel believes it has agreement in principle for a number of French cities but there are still obstacles *over Norway*, Denmark, Belgium and Ireland.

Yugoslav and Hungarian television, however, have both written to ask if they can make use of Music Box material in their *schedules.*

The channel believes it is already providing a pan-European forum for continental performers such as Herman Brood of *Holland, Secret Service* of Finland and Azel Bauer of France.

Mr Marcus Bicknel, head of marketing, believes Music Box's appearances stimulated the release of Azel Bauer's records outside France.

Aveling Barford in £60m China dump truck deal

BY IAN RODGER

AVELING BARFORD, the Grantham construction equipment group, expects to sign a seven-year £60m agreement on Monday to build dump trucks in China.

The contract confirms the recovery of Aveling, a former BL subsidiary, which seemed on the verge of extinction after heavy losses in the late 1970s and early 1980s.

The agreement provides for the company, sold in December 1983 to a private U.S. investor, to transfer technology for making large dump trucks at a plant in Peking. Initially entire kits of components will be supplied from the Grantham plant, but the company plans no increase in its 1,100 workforce.

Mr Chris Banham sales and marketing director of Aveling, said: "We are obviously delighted. We already export to over 100 countries, but China is a very important addition."

He said the contract was won *against mainly European com*petition. The leading U.S. and Japanese producers were less willing to transfer technology. "The Chinese want a modern truck that they can *build* for the next 20 years."

The first vehicles would be assembled in the second half of this year. The plan was to produce at a rate of 100 trucks a year.

They would be 30-tonne models, but 40- and 50-tonners might be added "in due course."

Since the takeover by Mr Adrien Eschallier, a Philadelphia attorney-consultant, in *1983 Aveling's sales have grown* substantially, and the workforce has been kept intact.

The company makes rollers, wheeled loaders and graders as well as dump trucks, and produces about 750 vehicles a year, compared with about 450 in 1982. More than 70 per cent of its products are exported.

'Increase in cowboy builders'

By John Gray, Construction Correspondent

BUILDING employers' fears about the spread of "cowboy" builders have been confirmed by a survey of advertisements in newspapers throughout the country.

Almost 75 per cent of 700 advertisers offering building services in local newspapers were not registered for value added tax, the survey, conducted in collaboration with Customs and Excise, found.

The findings have been sent to Mr Nigel Lawson, the Chancellor, following his request at a meeting with Building Employers' Confederation representatives *last October* for further information on the black economy in the building industry.

The BEC has been urging for some time tougher government action to curb the VAT-evading builders who, the BEC estimates, account for £2bn of the £5bn in the private housing improvement market. Their activities involve the loss to the government of at least £800m in taxes, says the BEC.

GLC fails to see documents on rates policy

ATTEMPTS by the Greater London Council and the Inner London Education Authority to prise ministerial rates policy documents out of the Environment Department were dismissed as "a fishing expedition" by the Court of Appeal yesterday.

The two authorities had argued they needed the documents if there was to be a fair trial of their claims, due in the High Court on Monday, for quashing rate limits imposed on *them by Mr Patrick Jenkin*, the Environment Secretary.

In applications for judicial review of Mr Jenkin's decisions, they will assert that he acted *irrationally* and *unreasonably*.

Bid to wind up warranty company

THE TRADE and Industry Secretary has presented a petition for the compulsory winding up of Bloomside, a Manchester-based company offering extended warranty insurance for domestic appliances. Bloomside, not an authorised insurance company, has issued an estimated 55,000 warranties.

The Official Receiver has been appointed provisional liquidator pending the High *Court hearing of the petition on* April 22.

Spanish holidays regaining favour

SPAIN may be moving back into favour with Britons after the major holiday companies *cut prices to overcome a 30 per* cent fall in bookings.

Thomson Holidays, Britain's biggest tour company, said it had sold almost 10,000 extra holidays since it reduced prices three days ago by as much as £144.

BBC buys £½m television series

THE BBC is spending more than £500,000 on a U.S. television mini-series without seeing it.

The series, Kane and Abel, based on Jeffrey Archer's best-selling book, is being made by Embassy Films, the U.S. production company once headed by Mr Michael Grade, who is now controller of BBC 1.

Merseyside agency keeps control of festival site

BY IAN HAMILTON FAZEY

THE DISPUTED future of Liverpool's International Garden Festival site was settled yesterday with the announcement that most of it will reopen to the public from May 23 until the end of the school summer holidays on September 8.

After eight months of sometimes bitter wrangling, Liverpool City Council has agreed to leave control of the site with its initial developer, the Merseyside Development Corporation, an agency of the Department of the Environment.

The city was supposed to take over the site on January 1 but has not budgeted to do so.

The development corporation will retain control of the 125 acres of reclaimed dockland and rubbish tips until 1988. It hopes by then to have found a private sector developer to turn it into a permanent commercial leisure complex of theme park and exhibition centre.

The now-shelved agreement between the corporation and the city will then be reconsidered.

The Corporation is being given no extra money to develop the Festival Gardens, as the site will be known. Mr Patrick Jenkin, the Environment Secretary, has already refused funds for Liverpool City Council to do this. The council is heading for another confrontation with Mr Jenkin over budgets.

The Corporation will find the money, the amount of which has no thee nannounced, by deferring development of redundant *dockland near the new Mersey* freeport. However, there was little prospect of bringing this land into use for several years.

The Festival Gardens will be smaller than last year's International Garden Festival.

Another 350 Plessey jobs go

ANOTHER 350 jobs—a quarter of the remaining workforce—are to go at Plessey Telecommunications headquarters plant in Edge Lane, Liverpool.

It is part of the company's reduction of the Liverpool labour force after switching manufacture to the high tech*nology System X telephone* exchanges, and the phasing out of payphone and test set production.

ECONOMIC DIARY

TOMORROW: National Union *Mineworkers'* special delegate conference in London. Baroness Young, Minister of State, Foreign Office, begins three day visit to Caracas.

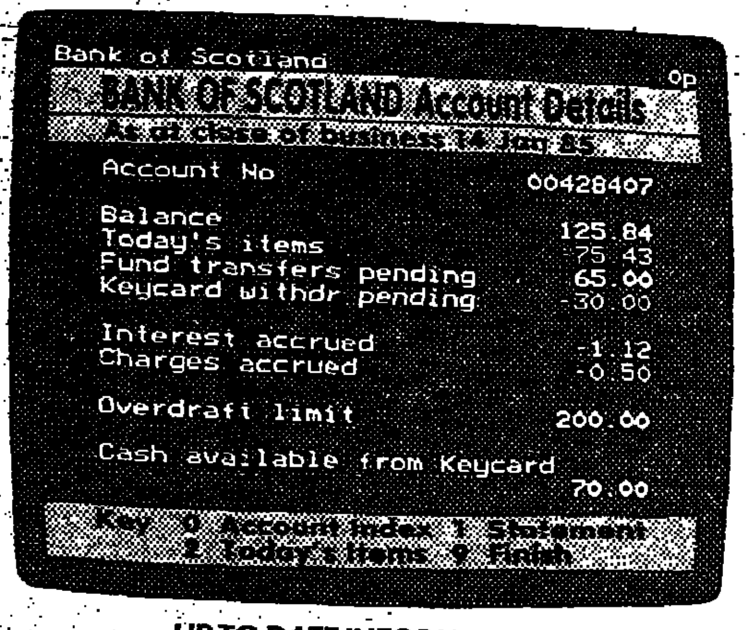
MONDAY: *UK* official reserves (February). Credit business (January). Retail sales (January-final). Capital issues and redemptions during February. House of Commons debates Government expenditure plans for 1985-86. Mr David Lange, New Zealand Prime Minister, meets Mrs Margaret Thatcher. Mr Ian MacGregor, National Coal Board chairman, to speak at Coal Industry Society lunch. Mr Paul Channon, Minister for Trade, accompanied by four UK businessmen, begins visit to Spain to assess the potential for increased British exports.

TUESDAY: National Union of Teachers to begin the second three-day selective strike over pay, disrupting 255 schools (in 27 local authorities). House of Commons completes remaining stages of Companies Consolidation (*Consequential Provisions*) Bill. House of Lords debates stability of currency.

WEDNESDAY: Housing starts and completions (January). House renovations (fourth quarter). Advance energy statistics (January). House of Commons Select Committee on Energy hears evidence on Government's oil price policy from Mr Alick Buchanan-Smith, Minister of State, Department of Energy.

THURSDAY: UK balance of payments (fourth quarter). Unemployment and unfilled vacancies (February). EEC environment ministers meet, Brussels. Sizewell nuclear power station inquiry expected to end. Insurance ombudsman's annual report.

FRIDAY: Buildign Societies Association meets. Scottish Labour Party annual conference, Perth. Welsh Liberal Assembly, Swansea. Car and commercial vehicle production (January-final).



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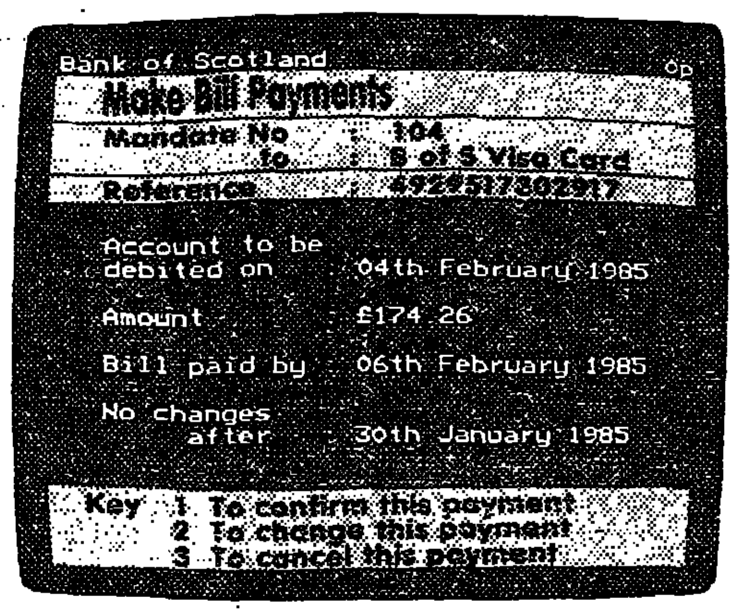

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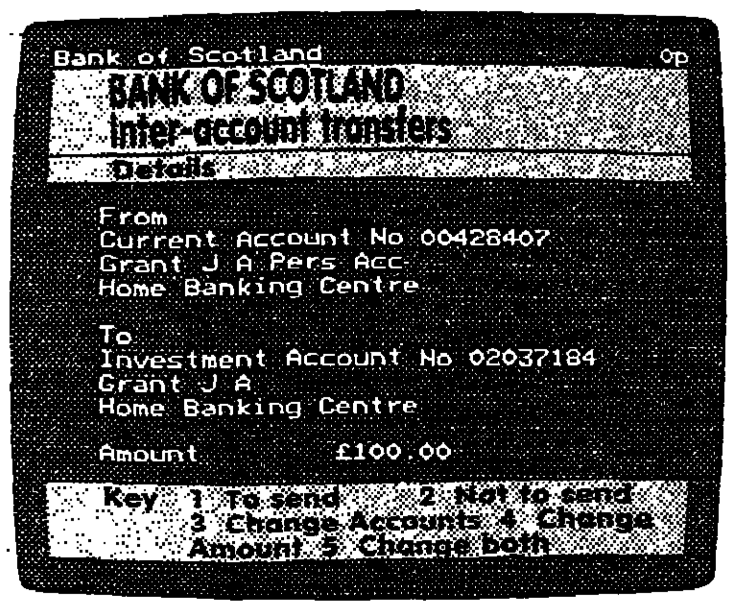

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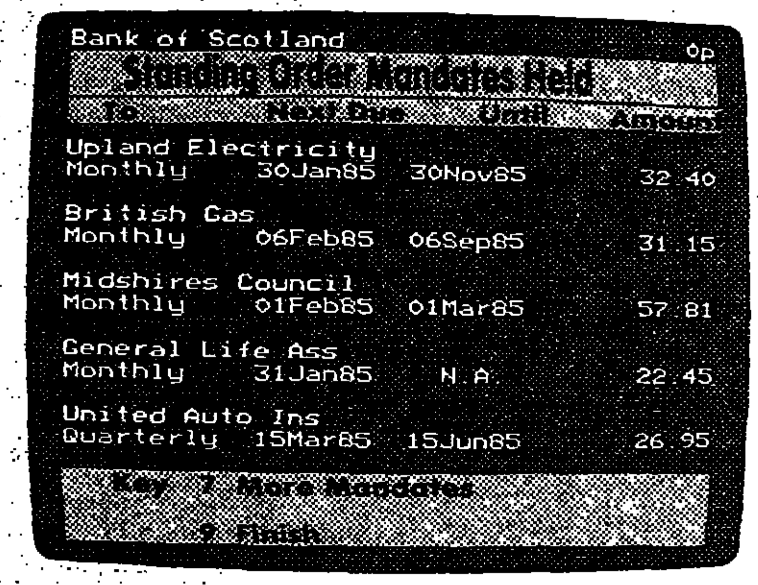

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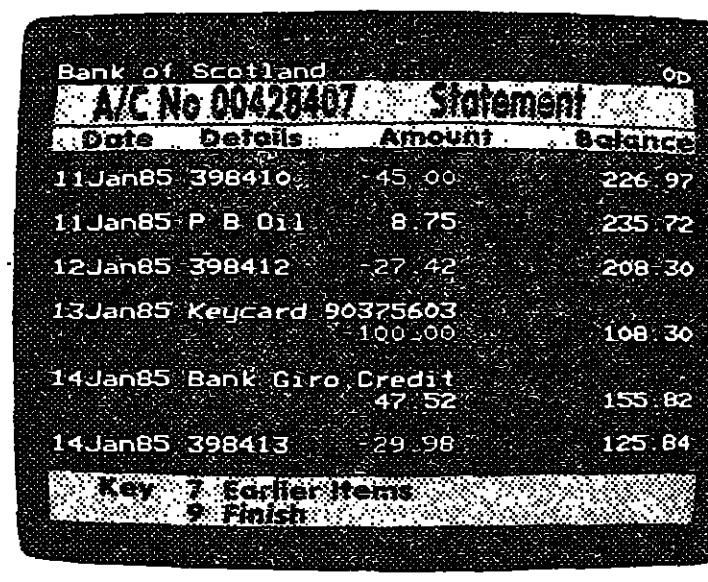

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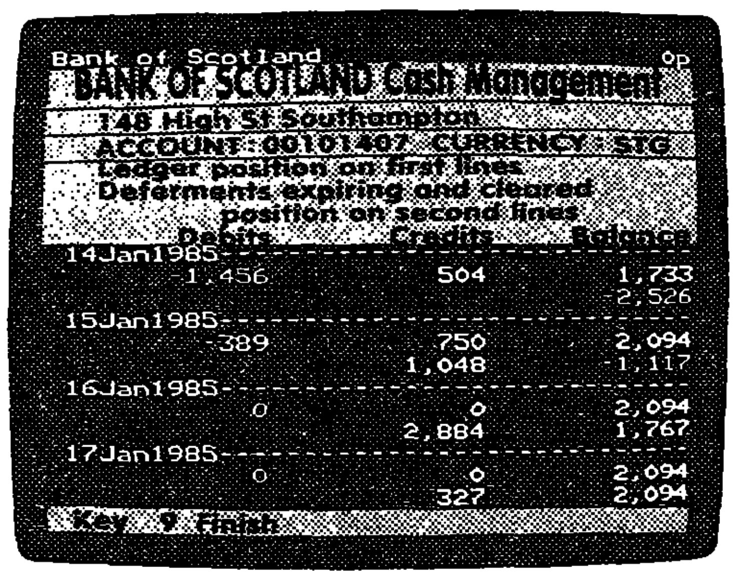

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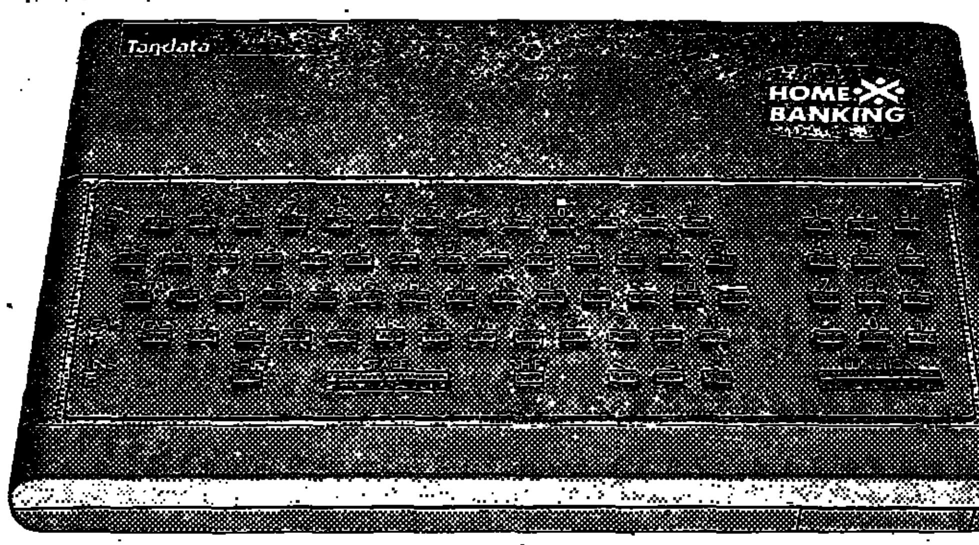

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Amro Bank	14 %	Knowsley & Co. Ltd.	14½%
Armco Trust Ltd.	14½%	Lloyds Bank	14 %
Associates Cap. Corp.	14 %	Edward Manson & Co.	15 %
Banco de Bilbao	14 %	Meghraj & Sons Ltd.	14 %
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Bank of Ireland	14 %	Mount Credit Corp. Ltd.	14 %
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Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	14 %	Royal Trust Co. Canada	14 %
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Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	12¾%	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp.	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		

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‡ Call deposits £1,000 and over 11%. 21-day deposits over £1,000 12½%.
‖ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

SAVINGS OFFERS

UK NEWS-LABOUR

Council manual workers likely to accept pay deal

BY DAVID BRINDLE, LABOUR STAFF

ALMOST 900,000 local government manual workers in England and Wales are expected to accept a 10-month pay deal worth £4 a week to all grades.

The improved offer was made to union leaders yesterday by council employers facing strikes by teachers and anxious to avert disruption on a second front.

The unions, which had threatened industrial action from next week and had begun to co-ordinate action with teachers, described the offer as respectable and said it would be put to members without any recommendation.

The £4 across-the-board rise would be worth between 4.7 per cent and 5.7 per cent to manual workers, whose basic rates range from £70.30 to £85.25 for a 39-hour week. The rise would be backdated to November 4 and would run to September 1.

The impact of the increase in percentage terms would follow closely last year's award at arbitration to local government white-collar workers, who received from 4.6 per cent to 5.6 per cent for the lower-paid.

Leaders of the manual workers had argued for a deal which would benefit the lower-paid and get away from the November settlement date. They said their position at the head of the pay queue meant they were always leapfrogged by workers striking better deals.

However, the employers until yesterday had refused to move on the settlement date and had offered a £3.70 increase for all grades.

Union negotiators believe that the prospect of teachers and manual workers combining action forced the employers to move. Conservative-controlled shire councils are thought to have feared that further disruption would cause a backlash at local elections in May.

The unions accept, however, that the employers are sympathetic on the problem of low pay among manual workers.

Mr John Edmonds, the unions' chief negotiator, said he was satisfied that the offer met their objectives. The move to a September settlement would be helpful in that the manual workers could come at the end of one pay round, rather than at the start of the next.

He said: "In many ways it is a respectable deal, but it leaves a lot of unfinished business — even if our members accept it."

Mr Brian Rusbridge, employers' side secretary of both the manual workers' negotiating committee and the teachers' committee, warned that the teachers could not expect a percentage rise similar to that offered to the manual workers. The teachers have rejected 4 per cent and arbitration.

Joseph 'inflaming NUT'

BY OUR LABOUR STAFF

SIR KEITH JOSEPH, Education Secretary, was accused last night of "pouring more and mor eoil on the flames" of the teachers' pay dispute.

The charge came from Mr Fred Jarvis, general secretary of the National Union of Teachers, after Sir Keith warned in a BBC radio interview that teachers' strike action might be jeopardising their chances of getting any money at all from the Government for a new contract.

The minister also sai dthe 7 or 7.5 per cent suggested by the employers as the reward for accepting a new contract would be payable only over a long period. "I think two years would be a bit optimistic."

Meanwhile, the Minister was also exchanging tart words over the teachers' dispute with Mr Giles Radice, Labour's education spokesman. He told Mr Radice that his earlier letter accusing Sir Keith of scuppering hopes of a settlement was "quite preposterous."

In other developments yesterday, the unions responded to the employers' offer of conciliation with a seven-point list of demands for clarification.

Philip Bassett catalogues the rapid crumbling of the miners' strike

A day of reckoning at the pitheads

IN THE END the hard areas cracked. After a year when the miners stood solid, in Yorkshire and particularly in South Wales, this week the trickle of strikers returning to work turned into a flood.

Yesterday's extraordinary figures—1,656 back on a *Friday*, according to the National Coal Board—simply capped an extraordinary week in which more than 5 per cent of the National Union of Mineworkers' entire membership, as listed by the board, came back to work.

The NCB figures for Friday bring the number of NUM members working to more than 96,000, or about 52 per cent of the total NCB-listed membership of the union of 186,064.

This highest Friday figure for the 12 months of the strike confirmed the trend of the week. In Yorkshire, as many as 1,014 miners went back yesterday—by far the highest Friday figure, and indeed the second-highest daily figure the area has yet seen (the highest was last Monday, when 1,162 returned).

The Yorkshire area NCB said miners in the area had clearly not even bothered to wait for the outcome of their own area council decision yesterday, or of the union's national delegate conference in London tomorrow.

"They have made up their minds, and are cutting their losses."

Sharlston colliery, near Wakefield, registered the biggest single return, with 233 going in for the first time, bringing the total working at the pit to 459, or 46 per cent of its workforce.

At Allerton Bywater, near Castleford, 150 turned up, taking the total to 553—43 per cent. Working miners are now in a majority at Kellingley, Britain's biggest pit, after the return yesterday of 64 miners who swelled numbers to 989, or 52 per cent of the workforce.

According to NCB figures—disputed by the NUM—the total now working in Yorkshire accounts for 23 per cent of the area's NUM members.

In South Wales, a further 87 miners went back yesterday, bringing the proportion now working there to 8 per cent. This is still the lowest for any coalfield—but two weeks ago the proportion was less than 2 per cent.

In the north-east, just under 49 per cent of NUM members are now back at work, including the 216 who returned yesterday—made up of 52 at Wearmouth colliery, 43 at Eppleton and 36 at Dawdon.

Scotland is also close to the half-way mark, says the NCB, with 106 miners returning there yesterday, to bring the total working to 45.75 per cent.

Figures for other NCB areas, according to the board, were: North Derbyshire, 119 back yesterday (68 per cent working); Nottinghamshire, 11 back (96 per cent); Western area, 78 back (21 per cent); and South Midlands, three back (81 per cent).

Areas such as Notts and South Midlands show very little movement day by day; most miners there have been back at work for months.

figures confirm the pattern of this week — the remarkable return to work in previously hard-line areas. Yorkshire and South Wales have led the way.

Yorkshire has seen 8 per cent of its entire NUM membership return this week — more in the past five days than in the previous five weeks.

In South Wales, more than two-thirds of those now back at work returned this week.

The pressure of the numbers returning forced NUM areas yesterday to recommend a return to work without an agreement, from as early as next week. Whether tomorrow's national delegate conference adopts that strategy — and the likelihod is that it will — it seems certain that the hard areas will do more than crack; the flood is set to turn into a final torrent.

NGA faces a clash over jobs policy

By David Goodhart, Labour Staff

THE National Graphical Association could face another battle with the Government's employment legislation after the granting yesterday of an injunction against the union to the Wolverhampton Express and Star.

In a hearing in chambers at Birmingham Crown Court, Mr Justice Hodgson granted the injunction against the NGA and Mr Tom Lowe, its West Midlands branch secretary, because of the union's failure to hold a ballot before instructing members not to accept direct input in the paper's advertising department.

More than 70 NGA members at the Express and Star have been suspended for a week—with a similar number at the Shropshire Star—in the row over new technology and collective bargaining rights.

Although all editions of both papers are appearing, the management has had to cut back heavily on page changes.

The judge gave the NGA until Friday to stop "inciting" members to breach their contracts of employment at the Express and Star, the Shropshire Star, and Precision Engineering Ltd.

Pit strike may lead to 6% rise in electricity prices'

BY OUR LABOUR STAFF

ELECTRICITY PRICES may rise by about 6 per cent to help cover the 1985-86 knock-on costs of the miners' strike, according to the City stockbrokers Simon and Coates, whose latest estimate of the strike's economic impact puts its cost to the Government at more than £3bn.

Mr Gavyn Davies, the stockbrokers' chief economist, says in his report that full recovery of the costs incurred would not be practicable through electricity prices. To recoup the full accounting costs for the electricity industry alone would require a price increase of at least 20 per cent, which would add 0.6 per cent to this year's retail price index.

But a surcharge to cover the "knock-on" costs "seems possible," Mr Davies says.

Costs which will be incurred when the strike ends, the report says, total £600m-£700m, made up of repairs to damaged pits (£100m-£200m); a catch-up on the industry's investment programme (£100m); and rebuilding coal stocks, by perhaps 8m-10m tonnes (£400m).

The report lists the main components in the Government's £3.025bn cumulative cash cost of the strike as electricity industry, £1,199m; coal industry, £1,091m; lost income tax, £290m; net police costs, £198m; British Steel, £198m; and social security payments, £49m.

Gross accounting costs, the report says, would be higher, instancing the recently-leaked electricity industry estimate of costs of £2bn. Mr Davies says this is in line with his estimate, since the industry has saved £0.7bn by de-stocking coal.

It has burned about £3.45bn extra oil and gas in the strike, but saved about £1.5bn from its reduced coal burn. Weekly electricity costs peaked at £50-£65m in December-January, the report says, and are falling sharply.

For the coal industry, the report says that it has now lost well over 70m tonnes of output, worth about £3.3bn, but saved at least £2.2bn in reduced wages and other costs. Weekly losses may have risen last month to about £40m.

More wages are being paid to returning miners, but output has not yet increased correspondingly.

Finally, the report says that the total loss to GNP is about 2 per cent, while the balance of payments has suffered by more than £2.5bn.

Councils win school meals wage cut case

By Raymond Hughes, Law Courts Correspondent

THERE WAS "no shred of evidence" that Hertfordshire and East Sussex county councils acted unreasonably when they sacked school meals staff and offered them re-engagement on worse terms than those in a national agreement, Sir John Donaldson, the Master of the Rolls, said in the Court of Appeal yesterday.

The councils, whose spending has been limited by the Government, had been faced with the need to make difficult and disagreeable decisions. It was clear they had examined the problem in detail, Sir John said.

He was giving his reasons for dismissing appeals by the National Union of Public Employees against the High Court's refusal last April to hold that the councils had exceeded their legal powers.

NUPE had argued that the councils had not taken enough account of the adverse effects of not sticking to national agreements. Sir John agreed.

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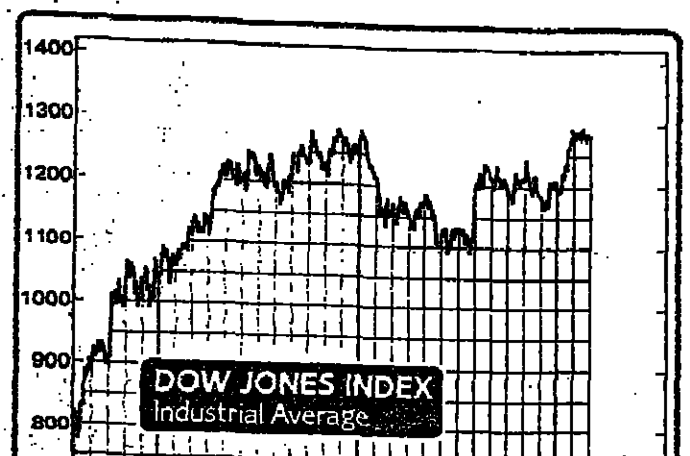
WEEK IN THE MARKETS

Dollar debacle hits bonds

NEW YORK

TERRY DODSWORTH



IT IS not often that the U.S. equity market finds itself in a direct struggle with the far-flung world of foreign exchange, but this was one of those weeks. The wild gyrations of the dollar, attacked in force by the combined ranks of the European central banks, has fed dramatically into the U.S. credit markets, forcing up interest rates sharply. Understandably, equities have simply not been able to escape what was happening to rates.

For bonds as well, this process of cause and effect was also somewhat unusual. Until very recently, the Wall Street consensus was that the dollar was being held up very substantially by the high yields available on U.S. debt instruments. The escalating demands of the U.S. Treasury was combining with the heavy requirements of the corporate sector to keep the cost of funds high by historic standards—and foreigners were buying the dollar to cash in on the returns available in the U.S. But this argument was turned upside down in the course of the dollar debacle this week.

It all started yet again with Mr Paul Volcker, chairman of the Federal Reserve Board, appearing at another committee meeting down in Washington. In a series of oblique remarks, he eventually convinced Wall Street that he would like to intervention to push the dollar see stronger central bank indown. Analysts interpreted this to mean that he would also like to tighten credit conditions in the U.S. The belief is that, after its more relaxed monetary posture late last year, the Fed would like to rein-in credit growth, but has been worried that any moves to push interest rates higher would also send the dollar up to unacceptable levels.

From here, it was only a small step to the massive sell-off in the bond market which saw the Treasury long bond fall by two whole points on Wednesday, its biggest decline in 18 months. Investors had convinced themselves that the direction of rates for the time being is unequivocally up, and the ripple effect spread throughout the credit markets. By Wednesday evening, the yield on the Treasury 30-year long bond had jumped from 1.70 per cent on the previous Friday night to 1.92 per cent, while three-month bills were up from 8.38 per cent to 8.49 per cent. Only seven days before, the long bond yield had stood at 11.38 per cent.

In these conditions, equities did reasonably well to hold their own. In the Wednesday bloodbath, as both bond and currency dealers were swept along by panic rather than reasoned argument, the Dow Jones Industrial Average lost only a little over five points, easily maintaining the equity market on the new plateau it established for itself in the January rally.

Some of this strength came from the perception that there are a great number of U.S. companies who will benefit from a decline in the dollar. Many of the big computer concerns, led by IBM, the giant of the industry, have been complaining vociferously recently about the damaging impact the dollar will have on their profits from overseas sales in the first quarter. There are, equally, many other companies that would benefit from a reduction in competitive pressures in the domestic market, where they are under incessant assault from cheap imports.

These arguments, particularly on the export side, were reflected in the strength of the drug companies on Wednesday. Even technology stocks benefited to some degree, though they have been knocked around recently by other factors, including indications that sales will be depressed in the first quarter—Intel, the semiconductor manufacturer, said this week that its first-quarter revenues may be around 15 per cent lower than the final quarter of last year.

The area in which equities clearly are vulnerable in the present atmosphere is interest rates—in two senses. A rise in rates would cut deeply into pre-tax corporate profits because of the very high level of short-term debt now being carried by U.S. companies. These borrowings have to be refunded, and this may be at substantially higher rates in the near future. At the same time, the expected increase in returns on the U.S. debt instruments would make it more difficult for equity yields to compete with bonds.

At present, many analysts believe that the equity market ought to be able to hold its own on the yield arguments as long as there is not another upward swing in rates. The yield on shares in the Dow Jones Industrial Average now stands at around 4.7 per cent, and it should gain by what are expected to be generous increases in dividends this year.

The danger, say the sceptics, is that the current yield gap of around 7.2 percentage points between equities and long bonds may expand because of increasing interest rates. But there is still a very strong lobby for the view that inflation is in long-term retreat, and that interest rates will eventually respond by coming down.

Some forecasters, such as Prudential Bache, are arguing that the failure of a contrary bear trend to establish itself on Wall Street in the past fortnight means that the early-year bull market will break out again later this month; and First Boston contends that the auguries are so good for equities that the Dow Jones Industrial Average could be in the 1530-1680 range by the end of the year.

MONDAY	1277.50	+1.66
TUESDAY	1286.11	+8.61
WEDNESDAY	1281.03	−5.08
THURSDAY	1284.01	+2.98

FINANCE AND THE FAMILY

Two-home tax preparations

BY OUR LEGAL STAFF

My wife and I own our own house (no mortgage) and I am due to retire in 1988 but this could be earlier depending on employment conditions.
In preparation for retirement my wife and I have found a bungalow some 73 miles from my present home. We are keen to purchase this, with help from a building society or bank, for our eventual retirement.
The bungalow is in a poor state of repair, it needs some structural alterations and repairs, a complete re-wire, installation of a central heating system, and complete redecoration inside and out. Some of this work we hope to do ourselves at wekends and holidays and some done by professionals. Of course when this work is completed we would not let or sell the bungalow.
If I go ahead and buy this bungalow and only live in it (working most weekends and holidays will I be liable for capital gains tax when I eventually sell my present house? Would it be possible to get tax relief on a building society mortgage or bank loan for the necessary installation and work on the bungalow?

First the bad news: it is unlikely that you will get tax relief on the mortgage (or loan) interest. Ask your tax inspector for a copy of the free explanatory booklet IR11, entitled Tax Treatment of Interest Paid. It may help you to see how a few modifications to your timetable could increase your chances of getting relief for the interest, by concession. In any event, there is nothing to lose by asking the inspector to exercise his discretion in your favour.

Before the second anniversary of the contract for the purchase of the bungalow (not the completion date), you and your wife should give formal notice to the inspector that your present home (the house) is to be regarded as your main residence, for CGT purposes, ever since the bungalow was purchased. This procedure is outlined in the free pamphlet CGT4, entitled Capital Gains Tax—Owneroccupied Houses, which you could ask for at the same time as the IR11 booklet.

On the day of the contract for the sale of the house, in a few years' time, you and your wife should give notice that the bungalow is to be regarded as your main residence, for CGT purposes, with effect from the day two years beforehand. This notice will mean that you have no CGT to pay on the sale of the house, and that the potential CGT bill upon any eventual sale of the bungalow will be kept to a minimum.

These notices for CGT purposes have no effect on the question of tax relief for the mortgage/loan interest.

Fortunately, the solicitors who act for you in the purchase of the bungalow will be able to guide you through the maze of arbitrary tax rules laid down by Parliament, over the years. Of course, the Chancellor may sweep away some of the more time-consuming rules on March 19

Domiciled in Japan

I am domiciled in Japan and have been a UK resident for more than nine years. A friend of mine, also domiciled in Japan who has been a UK resident for seven years says he has recently received a letter from the Inland Revenue, saying that they will change his domicile to the UK, unless he clearly states for how many more years he intends to stay in the UK together with the possibility of that length. I have a small flat in the UK for my own use, but do not have a property in Japan. I can buy a small house in Japan, if it is better to do so in order to retain the domicile in Japan. I have a small life insurance of £19,500 in the UK. If paying into the Japanese National Insurance is important to demonstrate that I intend to go back to Japan eventually, I may be able to start paying the premium.

Tell your friend not to let the Inland Revenue's paper tigers worry him. It is clear that your Japanese domicile of origin is unshakable, and this is probably equally true for your friend. Maybe he would like to write to us, with background details as you have.

There is no need for you to worry (or to do anything which you do not really want to): the Inland Revenue cannot set your Japanese domicile aside and deem you to have acquired a domicile of choice in England and Wales, from what you say.

Persuading father

I am writing to seek your advice on a financial/legal problem. In 1978 my parents gave my sister £10,000 towards the purchase of a house. I believe this was given in two lump sums spread over two financial years.

During 1984 my sister moved house, sold her property and from the sale of the proceeds returned the £10,000 to my parents.

My father insists that he does not need the money, i.e. it was intended as a gift and not a loan, and has given me a cheque for £10,000 with the request that I invest it for the benefit of his grand-daughter, my sister's daughter, who is aged 13, without her knowledge on the basis that the principal plus accrued income is to be handed over when she reaches 21 years old.

Is it a Trust Fund I am talking about and if so how do I go about setting it up and administering it etc.

What about the tax position, i.e. with regards to my niece, and Capital Transfer Tax, if it is appropriate.

Before you pay the cheque into your bank, try to persuade your father to have a trust deed drawn up by his solicitor. Point out to him that (a) accumulated income may attract 45 per cent income tax, under section 16 of the Finance Act 1973, unless it is clearly set down that your niece's interest in the £10,000 is absolute, rather than contingent, (b) a secret unwritten trust would be difficult to explain convincingly to the Inland Revenue, (c) if you and your father should die—in an accident, for example—during the next few years, the precise terms of an informal trust might be difficult or impossible for those left behind to establish, (d) the operation of the Trustee Act 1925 might frustrate your father's wishes if nothing is put in writing formally, and (e) your powers of investment ought to be defined, if they are not intended to be limited by the rather outdated statutory restrictions.

If your father demurs, you should seek a solicitor's advice before accepting what could well be a thankless and worrying trusteeship. Suppose, for example, that your father and your niece were killed in an accident, what should be done with the money (and how would you prove it)?

Frozen pipes

I would value your advice regarding a furnished two room flat that I own. The tenant has complained of iced up pipes and cannot get water in the kitchen or toilet. She has asked me to get a plumber and of course pay for him.

Can you tell me if a landlord has to pay for the tenant's plumbing such as the trouble we are all experiencing in this freezing weather. Incidentally we cannot get water from our own kitchen tap this week

If the tenant is holding under a tenancy for a term of less than seven years the landlord is responsible for keeping the water supply pipes in working order.

Paying for access road

A large country house has a private access road half-a-mile long. Twenty-five years ago the owner sold plots of adjoining land for three houses. The owner granted wheeled right of way to three houses "each purchaser paying one quarter of the cost of maintaining the road." Six years ago the owner sold the large house and the extensive outbuildings to a development company for conversion into 22 flats, ten of which were later sold to owner occupiers. These ten owners have wheeled right of way but no liability for repair costs. The increased traffic on the old road means that major repairs are now necessary. The company has advised me that the cost will be £12,000 and my quarter share will be £3,000.

I propose to dispute this on the grounds of "proportionate to user" but I accept that I can be barricaded in. Please can you comment on my prospects, and am I likely to spend more than £3,000 on courts costs?

Your prospects are somewhat doubtful. We would advise you to consult a solicitor. The costs should not exceed the sum you mention unless you lose and the other side have been put to unusual expense.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE WEEK IN THE MARKETS

Ambition unlimited

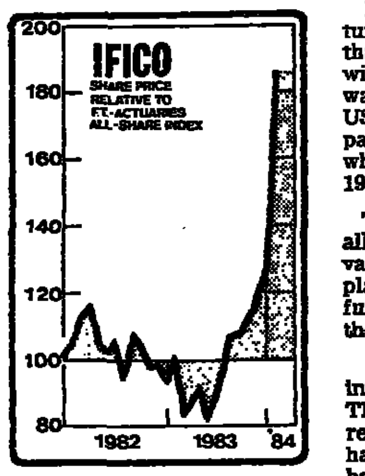
Unlisted Securities Market

"WE ARE Mr Fixit, the man in the middle," says 47-year-old Mr Christopher Norland, chief executive of one of the USM's few finance companies, Industrial Finance and Investment Corporation.

This week, Mr Norland has fixed it for the jeans and casualwear company Pepe Group, by sponsoring its USM flotation.

It is an example of IFICO's skill in securing for companies, and for local authorities, a wide range of finance. Leasing, management buy-outs, venture capital tax breaks and loans are all part of IFICO's book. It is also a licensed deposit-taker and securities dealer.

At present, the company is



trying to pull off a complicated deal to fund its own future development. In a contested takeover bid, ICIFO is attempting to acquire East of Scotland Onshore, a specialist energy investment trust.

It is the USM's first experience of a financing method which already has been tried successfully by several main market companies—the disguised rights issue. If the bid succeeds, IFICO would more than double its issued capital in paying for East of Scotland in shares, and then sell the trust's investments for cash. East of Scotland's total net asset value last November was put at £6.72m.

The market so far has reacted positively to news of the bid—IFICO shares which were 180p before the announcement three weeks ago were trading at 235p at the end of this week.

The shares were placed at 52p when they were floated on the USM in 1982. Since then, profits have grown from £225,000 in the year to June 1982 to £732,000 last year and £439,000 for the first half of the present year. They are expected to top £1m by June, and IFICO intends to leave the USM for a full listing.

The company originally had close links with accountants Finnie Ross Allfields, where Mr Norland had been the chief executive. But it has since developed by building up contacts with small and medium-sized firms of chartered accountants and solicitors across the country.

Mr Norland says these firms turn to IFICO when they find that client companies need help with financing. An early success was the flotation of one of the USM's most glamourous companies—Miss World Group, which reported good profits for 1984 this week.

The East of Scotland bid would allow the company to expand in various ways—most notably, by playing a much larger role in funding, providing a share of the money raised for clients.

Clearly, there are risks involved in backing IFICO. The company's excellent track record over the past three years has been achieved against the background of a very long-running bull market in which companies have been very keen to raise capital. In its present form, under Mr Norland, it has yet to show its mettle in more *difficult conditions.*

The City revolution certainly opens up possibilties for small, fleet-footed finance companies, but competition in profitable areas is likely to be intense. IFICO does have useful contacts outside the City—but this, too, is a field in which there are competitors: for example, ICFC.

On balance, the shares—trading on a multiple of about 10, assuming full-year profits of £1.1m and a 30 per cent tax charge—do not look expensive. *But investors should be aware* that small finance company shares of this kind tend to be volatile.

Stefan Wagstyl

Equities pushed into back seat

LONDON
ONLOOKER

THERE was action galore in the foreign exchange and gilt-edged markets this week. The dollar stole the headlines on Monday as central banks appeared powerless to halt the upward progression of the "green-back." In London, the pound finished trading at an all-time closing low of $1.054. But 48 hours can seem a lifetime on foreign exchange markets and a concerted effort by those "powerless" bankers on Wednesday had the dollar on the run in chaotic trading conditions.

By Wednesday evening sterling was back up to $1.088 in London. At last the market had been shown that central banks have some real influence over their currencies. But it would still take a brave man to suggest that the setback marks a turning point in the currency's underlying strength. There are plenty of observers around who maintain it is still in a strong bull phase.

The gilt market was rocked on Thursday by the Government's move to close a long-standing tax loophole. The Inland Revenue is introducing new rules that will end the practice of "bond-washing." This is a device whereby funds sell gilts with accrued interest ahead of a dividend payment, in effect turning income into capital gains, and then buy them back later. The Revenue believes this costs the Government £300m in lost tax and is calling a halt to the practice by changing the tax rules.

The initial reaction was to mark down high-coupon stocks and push up the prices of low-coupon and index-linked issues where trading prices reflect less of an income element.

If the gilt market was thrown into confusion there was some positive news for the equity market. The authorities appeared to be signalling that there would be no action against the tax freedom of pension schemes. After the bond-washing announcement the life insurance sector saw an overall rise in share prices of 2 per cent.

As for equities generally, well they seemed to be quietly twitching in their sleep ahead of an alarm call on the afternoon of March 19, but it looks increasingly likely that the Budget will be a muted affair.

ICI over £1bn

As far back as last April, when ICI turned in first quarter profits of £245m, the market has been suggesting that the chemicals giant could be the *first British industrial group to* break the £1bn profits barrier. That suggestion turned into conviction as the quarterly figures mounted and for the last few months the only doubt was by how much the £1bn could be surpassed.

On Thursday Mr John Harvey-Jones, ICI's chairman, revealed £1.034bn pre-tax, a rise of *two-thirds against 1983* and a result he proudly proclaimed as "Evidence that we are one of the world's most successful and profitable chemicals companies." Even from a less subjective standpoint the group's achievement is pretty staggering. It was only a couple of years back that analysts were suggesting ICI would only make £600m to £650m in 1984.

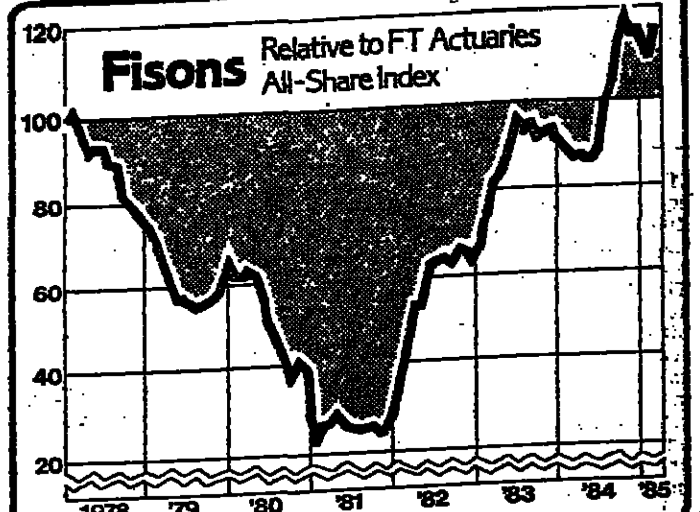
The shares, however, reacted perversely to the news. Given that the market had been anticipating something in the region of £1.03bn for a while it would have been unreasonable to expect the price to go ploughing forward but a fall of 21p to 835p looked puzzling especially as the shares were rising until Wall Street opened and Americans started selling. There was some suggestion that U.S. broking analysts found the 67 per cent profits improvement disappointing though possibly New York had adroitly spotted the 18m share placing on the way to finance the Beatrice acquisition.

But whatever the shares did on Thursday the management deserves congratulating for the way it has pulled the group around and brought down the break-even level in its commodity product operations. By far the biggest improvement came from the petrochemicals and plastics division where the previous year's loss of £7m was turned into a trading profit of £138m.

Chemical sales jumped by 23 per cent overseas (almost three-*quarters of turnover arises* outside the UK) while at home the advance was 7 per cent. Prices were increased by some 4 per cent during the year and volume growth was about 8 per cent. Admittedly the group had a fair amount of luck on its side. The performance of the dollar added around £100m to profits while the improvement of the group's oil business was clearly thanks to factors beyond its control.

Mr Harvey-Jones is setting his sights on a profits improvement for 1985 though the rate of increase is not going to be anything like as dramatic as in 1984. Early estimates by the brokers indicate something between £1.1bn and £1.2bn but the antics of the dollar are important and just two months into the year forecasts have to be fairly tentative. A prospective p/e of under eight hardly does justice to ICI's achievements even if it is heading into a year of relatively pedestrian growth.

Fisons' rights



If ICI was disappointed by the way the market greeted its results, Mr John Kerridge, chairman of Fisons, could not have hoped for a better reception for his annual figures on Thursday even though they were accompanied by the much rumoured rights issue.

All three divisions—pharmaceuticals, scientific equipment and horticulture—produced record profits adding up to a 55 per cent rise at the pre-tax level to £48.3m. Earnings per share are up by 35 per cent and shareholders receive a 20 per cent improvement in the dividend payout.

On the pharmaceuticals side *domestic operations* have been slightly restrained but there has been good growth from the U.S. where sales jumped by 75 per cent in sterling terms. All three of Fisons' main allergy drugs are now well established in North America.

The rights issue, on the basis of one-for-five at 245p a share, raising £94.3m, is the second within two years, but the market accepted the news without a murmur thanks to the buoyant full-year figures. On the face of it Fisons is not an obvious candidate for an issue. Capital gearing is only around 33 per cent but the management argues that half the money raised will refinance earlier expenditure on acquisitions and capital investment and the rest will sit ready to exploit future opportunities.

Mr Kerridge says the group is interested in buying pharmaceutical businesses in Europe and the U.S. and adding to the scientific equipment division, moving it into slightly higher technolgy. Given his track record with acquisitions, shareholders should experience few problems in justifying a further investment in the group. Assuming profits of £70m this year the prospective earnings multiple is around 13 which may not look cheap against the likes of Boots or Beecham for instance but given the recent trading performance the shares should have little difficulty in holding their rating.

Reuters hits £74.3m

Reuters has beaten its prospectus profits forecast by a respectable margin. Having predicted around £70m pre-tax for the year the group unveiled a maiden set of results this week showing a 34 per cent increase to £74.3m. The weakness of the pound helped but it inflated the latest figure by no more than £3m.

Yet that rapid rate of growth is exactly what the stock market demands from high-technology groups immersed in the fast growing world of electronic communications. The shares have travelled far since the bankers set the striking price at 196p last summer and have outperformed the market by around 20 per cent in the last three months. If Reuters had done anything less than beat its forecast by a few percentage points the directors could have expected a very cool reception from the City.

Living up to a historic earnings multiple of 33 is no easy task especially with the group facing a relatively sluggish rate of growth in the vital North American market. Last year revenues from that source increased by only 20 per cent against 29 per cent from the European bailiwick and 36 per cent from the Far and Middle East.

Failures and mergers amongst U.S. commodity dealers are blamed for the result but surely Reuters cannot be entirely happy that its activities across the Atlantic trailed behind the rest of the group, no matter how good the extenuating circumstances. So the acquisition of Rich, a Chicago-based leader in the field of dealing room systems, for $57.5m which was announced alongside the results, is perhaps of greater significance than it may ta first appear.

Reuters has a commendable reputation and is proving itself agile at creating new products. Its latest idea is to provide an equity dealing service in the UK. Traders would be able to buy and sell shares through their Reuters terminals. In the U.S., however, the competition is no less inventive and the purchase of Rich must be designed to add some extra bite to its marketing.

Rich accounts for around 80 per cent of the North American market for its type of dealing system. If Reuters can climb on board as this substantial hardware clinches its orders it will obviousy ease the way for its U.S. expansion.

Not that the benefits of acquisition will flow just one way. The Reuters service fits naturally alongside Rich systems and the latter's sales should be enhanced too. Both sides are probably hoping that two plus two can equal five. In London analysts are already talking of £100m as a minimum target though with £84m in cash and *highly rated equity Reuters may* add further to its list of activities before next December comes round.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984/5 High	1984/5 Low	
F.T. Ord. Index	975.0	− 0.2	1,024.5	755.3	Uncertain despite pound's rally
Baggeridge Brick	255	+35	255	124	Speculative buying
BP	525	−40	575	395	Weak oil prices/figs. on Thurs.
Burnett & Hallamshire	70	−95	205	60	Debt problems
Cape Inds.	38	+ 4	118	32	Sale of auto. business to BBA
Group Lotus Car	91	+15	91	54	Chrysler link rumours
Hogg Robinson	278	+18	281	130	Revived speculative demand
House of Fraser	346	+30	346	220	Speculative demand
ICI	842	−38	885	526	U.S. selling after results
Imperial Group	185xd	−16½	222	134	Withdrawal of U.S. support
Imtec	47	−13	85	47	Interim profits setback
Invent Energy	790	+130	790	280	Good results/exploration hopes
Jackson (J. & H.B.)	84xd	+20	84	50	Takeover hopes
Leeds Group	160	+20	160	97	Bid speculation
Marley	84	− 6	104	65	Disappointing annual results
Martin (R.P.)	435	+40	440	220	Quadrex bids 450p per share
Oilfield Inspection Servs.	140	+45	210	70	Speculative buying
Oxford Instruments	278	+35	333	238	Bid speculation
Ratners (Jewellers)	62	+16	62	40	Speculative demand
Stylo	198	+13	210	79	Ziff family purchases KIO stake

MINING

Snakes & Ladders

"IF THERE is no improvement in (metal) prices from today and no changes in currency values, trading profit in the second half will not exceed that for the first half."

These words—famous last words?—came last September with the results for the first six months of 1984 issued by CRA, *the Rio Tinto-Zinc group's big* Australian mining arm which was reporting a net profit of A$31.8m for the period.

This week CRA has announced a net loss of A$2.3m for the second half of 1984. So the net profit for the full year is reduced to A$29.5m, equal to 6 cents per share, from A$71.5m in 1983. Inevitably, the dividend total for 1984 has been cut to 8 cents from 12 cents.

The outcome looks rather worse than it need be owing to CRA's cautious policy of making a particularly generous provision for depreciation, up to A$289.6m from A$269.6m, and for providing for potential currency losses as well as for those actually realised. However, this does not alter the fact that the group is going through a tough time.

As we all know, metal prices weakened in the second half of last year while currencies became even further out of line; the strength of the U.S. dollar contrasted with the weakness of the Australian dollar. There is a "snakes and ladders" aspect to currency movements as well as, some might say, Australian accounting practice.

While the fall in the value of the Australian dollar has enhanced CRA revenue in terms of the products it sells for U.S. dollars, it has made the repayment, and interest on, loans designated in U.S. dollars that much more expensive. Conversely, if the U.S. dollar falls and the Australian currency rises, CRA is not going to be much, if any, better off.

What the group, and all others like it, really needs is a genuine rise in metal prices, notably copper and aluminium and an improvement in coal markets. Ironically, demand for metals is good but it has not reached the point at which surplus stocks have been mopped up to allow increases in real prices.

The Consolidated Gold Fields group's 49 per cent-owned Renison Goldfields Consolidated (RGC) sees "some signs for optimism" and promises further comment on its prospects in about three weeks' time. The Australian group has seen its pre-tax earnings for the six months to December 31 tumble by 49 per cent to A$4.09m.

Still, the fortunes of the snakes and ladders board have allowed RGC to fight the period to a draw at net level. Helped by an exceptionally low tax charge and a profit on the sale of assets from the closed-down Gunpowder copper mine, RGC comes out with distributable profits of A$4.58m for the half year against A$4.68m last time.

The company is also suffering from low copper prices while its splendid big tin mine in Tasmania has to operate at less than capacity owing to the export restrictions imposed by the International Tin Agreement in its efforts to remove surplus stocks from the market.

On the other side of the coin, there has been a strong recovery in demand and prices for the mineral sands produced by RGC while the final quarter of this year should bring the start-up of two new gold operations, at Pine Point in the Northern Territory and Wau in Papua New Guinea.

Things are also looking up—well, to some extent—for the minority shareholders in *Seltrust Holdings*, the 75.4 per cent-owned struggling Australian mining subsidiary of *British Petroleum.* The latter, presumably chastened by the resounding rejection of its earlier restructuring proposals for Seltrust, has come up with a better deal.

Seltrust is not to be broken up and its assets sold for what they may fetch, as BP earlier threatened. Instead, BP is to take over the debts and the bulk of the non-gold assets, as before. The rest is to be put into a new company.

Seltrust holders will be offered 3½ shares in this company, plus options to buy a further 3½ shares at 20 cents, for every Seltrust share held. Under the new deal, the new company is to have cash assets of A$9.2m compared with the originally proposed A$8m and it will also be given a 9.5 per cent stake in the Agnew mine.

It will retain the 75 per cent interest in the promising Temora gold project in New South Wales. The deal raises the value of the new company's assets to A$23.5m, or 70 cents per share compared with 60 cents under the original proposals.

Seltrust holders who prefer to accept the alternative of a cash offer from their shares from BP will be given 60 cents (about 40p) per share instead of the previous offer of 54 cents.

Kenneth Marston

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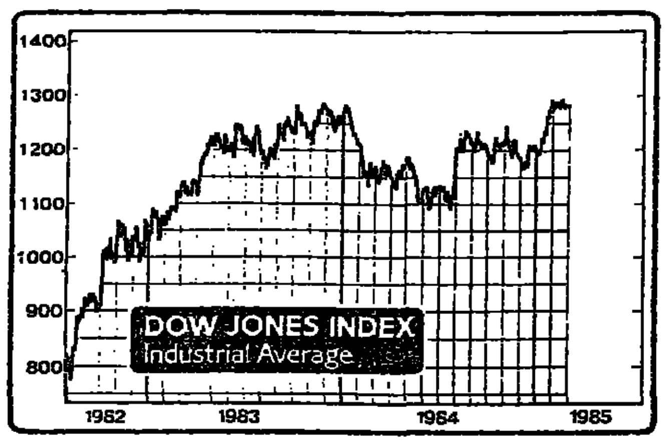
WEEK IN THE MARKETS

Dollar debacle hits bonds

NEW YORK

TERRY DODSWORTH



IT IS not often that the U.S. equity market finds itself in a direct struggle with the far-flung world of foreign exchange, but this was one of those weeks. The wild gyrations of the dollar, attacked in force by the combined ranks of the European central banks, has fed dramatically into the U.S. credit markets, forcing up interest rates sharply. Understandably, equities have simply not been able to escape what was happening to rates.

For bonds as well, this process of cause and effect was also somewhat unusual. Until very recently, the Wall Street consensus was that the dollar was being held up very substantially by the high yields available on U.S. debt instruments. The escalating demands of the U.S. Treasury was combining with the heavy requirements of the corporate sector to keep the cost of funds high by historic standards—and foreigners were buying the dollar to cash in on the returns available in the U.S. But this argument was turned upside down in the course of the dollar debacle this week.

It all started yet again with Mr Paul Volcker, chairman of the Federal Reserve Board, appearing at another committee meeting down in Washington. In a series of oblique remarks, he eventually convinced Wall Street that he would like to see stronger central bank intervention to push the dollar down. Analysts interpreted this to mean that he would also like to tighten credit conditions in the U.S. The belief is that, after its more relaxed monetary posture late last year, the Fed would like to rein-in credit growth, but has been worried that any moves to push interest rates higher would also send the dollar up to unacceptable levels.

From here, it was only a small step to the massive sell-off in the bond market which saw the Treasury long bond fall by two whole points on Wednesday, its biggest decline in 18 months. Investors had convinced themselves that the direction of rates for the time being is unequivocally up, and the ripple effect spread throughout the credit markets. By Wednesday evening, the yield on the Treasury 30-year long bond had jumped from 1.70 per cent on the previous Friday night to 1.92 per cent, while three-month bills were up from 8.38 per cent to 8.49 per cent. Only seven days before, the long bond yield had stood at 11.36 per cent.

In these conditions, equities did reasonably well to hold their own. In the Wednesday bloodbath, as both bond and currency dealers were swept along by panic rather than reasoned argument, the Dow Jones Industrial Average lost only a little over five points, easily maintaining the equity market on the new plateau it established for itself in the January rally.

Some of this strength came from the perception that there are a great number of U.S. companies who will benefit from a decline in the dollar. Many of the big computer concerns, led by IBM, the giant of the industry, have been complaining vociferously recently about the damaging impact the dollar will have on their profits from overseas sales in the first quarter. There are, equally, many other companies that would benefit from a reduction in competitive pressures in the domestic market, where they are under incessant assault from cheap imports.

These arguments, particularly on the export side, were reflected in the strength of the drug companies on Wednesday. Even technology stocks benefited to some degree, though they have been knocked around recently by other factors, including indications that sales will be depressed in the first quarter—Intel, the semiconductor manufacturer, said this week that its first-quarter revenues may be around 15 per cent lower than the final quarter of last year.

The area in which equities clearly are vulnerable in the present atmosphere is interest rates—in two senses. A rise in rates would cut deeply into pre-tax corporate profits because of the very high level of short-term debt now being carried by U.S. companies. These borrowings have to be refunded, and this may be at substantially higher rates in the near future. At the same time, the expected increase in returns on the U.S. debt instruments would make it more difficult for equity yields to compete with bonds.

At present, many analysts believe that the equity market ought to be able to hold its own on the yield arguments as long as there is not another upward swing in rates. The yield on shares in the Dow Jones Industrial Average now stands at around 4.7 per cent, and it should gain by what are expected to be generous increases in dividends this year.

The danger, say the sceptics, is that the current yield gap of around 7.2 percentage points between equities and long bonds may expand because of increasing interest rates. But there is still a very strong lobby for the view that inflation is in long-term retreat, and that interest rates will eventually respond by coming down.

Some forecasters, such as Prudential Bache, are arguing that the failure of a contrary bear trend to establish itself on Wall Street in the past fortnight means that the early-year bull market will break out again later this month; and First Boston contends that the auguries are so good for equities that the Dow Jones Industrial Average could be in the 1530-1680 range by the end of the year.

MONDAY	1277.50	+1.66
TUESDAY	1286.11	+8.61
WEDNESDAY	1281.03	−5.08
THURSDAY	1284.01	+2.98

FINANCE AND THE FAMILY

Two-home tax preparations

BY OUR LEGAL STAFF

My wife and I own our own house (no mortgage) and I am due to retire in 1988 but this could be earlier depending on employment conditions.

In preparation for retirement my wife and I have found a bungalow some 75 miles from my present home. We are keen to purchase this, with help from a building society or bank, for our eventual retirement.

The bungalow is in a poor state of repair, it needs some structural alterations and repairs, a complete re-wire, installation of a central heating system, and complete redecoration inside and out. Some of this work we hope to do ourselves at wekends and holidays and some done by professionals. Of course when this work is completed we would not let or sell the bungalow.

If I go ahead and buy this bungalow and only live in it (working most weekends and holidays will I be liable for capital gains tax when I eventually sell my present house? Would it be possible to get tax relief on a building society mortgage or bank loan for the necessary installation and work on the bungalow?

First the bad news: it is unlikely that you will get tax relief on the mortgage (or loan) interest. Ask your tax inspector for a copy of the free explanatory booklet IR11, entitled Tax Treatment of Interest Paid. It may help you to see how a few modifications to your timetable could increase your chances of getting relief for the interest, by concession. In any event, there is nothing to lose by asking the inspector to exercise his discretion in your favour.

Before the second anniversary of the contract for the purchase of the bungalow (not the completion date), you and your wife should give formal notice to the inspector that your present home (the house) is to be regarded as your main residence, for CGT purposes, ever since the bungalow was purchased. This procedure is outlined in the free pamphlet CGT4, entitled Capital Gains Tax—Owneroccupied Houses, which you could ask for at the same time as the IR11 booklet.

On the day of the contract for the sale of the house, in a few years' time, you and your wife should give notice that the bungalow is to be regarded as your main residence, for CGT purposes, with effect from the day two years beforehand. This notice will mean that you have no CGT to pay on the sale of the house, and that the potential CGT bill upon any eventual sale of the bungalow will be kept to a minimum.

These notices for CGT purposes have no effect on the question of tax relief for the mortgage/loan interest.

Fortunately, the solicitors who act for you in the purchase of the bungalow will be able to guide you through the maze of arbitrary tax rules laid down by Parliament, over the years. Of course, the Chancellor may sweep away some of the more time-consuming rules on March 19.

Domiciled in Japan

I am domiciled in Japan and have been a UK resident for more than nine years. A friend of mine, also domiciled in Japan who has been a UK resident for seven years says he has recently received a letter from the Inland Revenue, saying that they will change his domicile to the UK, unless he clearly states for how many more years he intends to stay in the UK together with the possibility of that length. I have a small flat in the UK for my own use, but do not have a property in Japan. I can buy a small house in Japan, if it is better to do so in order to retain the domicile in Japan. I have a small life insurance of £19,500 in the UK. If paying into the Japanese National Insurance is important to demonstrate that I intend to go back to Japan eventually, I may be able to start paying the premium.

Tell your friend not to let the Inland Revenue's paper tigers worry him. It is clear that your Japanese domicile of origin is unshakable, and this is probably equally true for your friend. Maybe he would like to write to us, with background details as you have.

There is no need for you to worry (or to do anything which you do not really want to): the Inland Revenue cannot set your Japanese domicile aside and deem you to have acquired a domicile of choice in England and Wales, from what you say.

Persuading father

I am writing to seek your advice on a financial/legal problem. In 1978 my parents gave my sister £10,000 towards the purchase of a house. I believe this was given in two lump sums spread over two financial years.

During 1984 my sister moved house, sold her property and from the sale of the proceeds returned the £10,000 to my parents.

My father insists that he does not need the money, i.e. it was intended as a gift and not a loan, and has given me a cheque for £10,000 with the request that I invest it for the benefit of his grand-daughter, my sister's daughter, who is aged 13, without her knowledge on the basis that the principal plus accrued income is to be handed over when she reaches 21 years old.

Is it a Trust Fund I am talking about and if so how do I go about setting it up and administering it etc.

What about the tax position, i.e. with regards to my niece, and Capital Transfer Tax, if it is appropriate.

Before you pay the cheque into your bank, try to persuade your father to have a trust deed drawn up by his solicitor. Point out to him that (a) accumulated income may attract 45 per cent income tax, under section 16 of the Finance Act 1973, unless it is clearly set down that your niece's interest in the £10,000 is absolute, rather than contingent, (b) a secret unwritten trust would be difficult to explain convincingly to the Inland Revenue, (c) if you and your father should die—in an accident, for example—during the next few years, the precise terms of an informal trust might be difficult or impossible for those left behind to establish, (d) the operation of the Trustee Act 1925 might frustrate your father's wishes if nothing is put in writing formally, and (e) your powers of investment ought to be defined, if they are not intended to be limited by the rather outdated statutory restrictions.

If your father demurs, you should seek a solicitor's advice before accepting what could well be a thankless and worrying trusteeship. Suppose, for example, that your father and your niece were killed in an accident, what should be done with the money (and how would you prove it)?

Frozen pipes

I would value your advice regarding a furnished two room flat that I own. The tenant has complained of iced up pipes and cannot get water in the kitchen or toilet. She has asked me to get a plumber and of course pay for him.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Can you tell me if a landlord has to pay for the tenant's plumbing such as the trouble we are all experiencing in this freezing weather. Incidentally we cannot get water from our own kitchen tap this week

If the tenant is holding under a tenancy for a term of less than seven years the landlord is responsible for keeping the water supply pipes in working order.

Paying for access road

A large country house has a private access road half-a-mile long. Twenty-five years ago the owner sold plots of adjoining land for three houses. The owner granted wheeled right of way to three houses "each purchaser paying one quarter of the cost of maintaining the road." Six years ago the owner sold the large house and the extensive outbuildings to a development company for conversion into 22 flats, ten of which were later sold to owner occupiers. These ten owners have wheeled right of way but no liability for repair costs. The increased traffic on the old road means that major repairs are now necessary. The company has advised me that the cost will be £12,000 and my quarter share will be £3,000.

I propose to dispute this on the grounds of "proportionate to user" but I accept that I can be barricaded in. Please can you comment on my prospects, and am I likely to spend more than £3,000 on courts costs?

Your prospects are somewhat doubtful. We would advise you to consult a solicitor. The costs should not exceed the sum you mention unless you lose and the other side have been put to unusual expense.

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YOUR SAVING AND INVESTMENTS

Beware of keen unit trust brokers

Clive Wolman sounds a cautionary note on advisory services

AFTER SO many new launches over the last year, the small investor has a wider choice of unit trusts than he does among the 739 UK companies which feature in the FT-Actuaries All Share Index.

The diversity of funds may be a trying experience for those investing in the stock market via a professionally managed fund which spreads risks. It may be as difficult to decide between the Schroder Singapore and Malaysia trust and the Waverley Australian Gold trust as it between Marks & Spencer and ICI.

To guide investors over the last four years several unit trust advisory services and brokers have sprung up. They decide on the best unit trusts for their clients' money according to the clients' wealth, tax position, attitude to risk and what they believe to be the investment prospects for different world stock markets. They can also use their bargaining strength to buy into unit trusts at a discount or when the bid-offer spreads are most favourable.

By taking the strategic decisions *themselves, the unit trust* brokers generate additional commission which they pocket every time they switch their clients' money between different funds. The choice of funds also allows them to demonstrate to their clients how active they have been on their behalf. They can thus justify their own management charges which are superimposed on the unit trust managers' charges and come typically to between 0.25 and 0.5 per cent per year of the assets under their management.

Can these advisory services justify their existence by achieving higher returns, after *deducting charges, than would* the investor by going to unit trusts directly?

Planned Savings, a monthly magazine for financial advisers, seeks to answer this question in a survey of the investment performance of 15 unit trust advisers and brokers over the past three years.

Its simple conclusion is that you should not touch a unit trust broker with a barge-pole. Of the 12 monitored over the full three-year period to December 1984, only two could claim to have added rather than lost value for their clients. These were two Bristol-based *services:* Richards Longstaff Unit Trust Portfolio Managers, and Premier Unit Trust Brokers.

Planned Savings provides three benchmarks against which to judge the investment performance of the managers. One is the FT-Actuaries *All-Share* Index. This indicates the average returns that an investor in UK shares would have achieved over the period (excluding his dealing costs).

Second, the Capital International World Index, translated into sterling, indicates the average return achievable from a world-wide *portfolio of shares.* The third benchmark, the Planned Savings Unit Trust Index, indicates the average return from investing in UK unit trusts. If your only concern is whether you should go directly to a unit trust rather *than through a broker, the Unit* Trust Index is probably the most useful benchmark.

Only the two Bristol services beat any of the three benchmarks over the three-year period. Neither was able to show much consistency by keeping ahead in all three years. Richards Longstaff, which achieved spectacular performance showing gains of over 50 per cent in 1982 and 1983, lagged behind most of the field in 1984.

Last year proved an embarrassment both for unit trust brokers and managers. Only one broker, Kean Seager of *Whitechurch* Securities, turned in a performance ahead of the Unit Trust Index, which itself was way behind the other two *benchmarks.* Seager's success was due above all to his selection of two Royal London unit trusts, American Growth and *Special Situations.*

Most unit trust brokers, 11 out of 15, achieved a higher total return on their income unit trust portfolios than on their capital growth portfolios, the result of the strong increases in dividend payments by UK companies over the last two years and the successful restructuring of many high-*yielding* companies in the recession.

Top of the charts in the income section is another Bristol *advisory service,* Hargreaves Lansdown. The Unit Trust Selection Service run by London stockbrokers Capel-Cure Myers is in second place.

CAPITAL GROWTH PORTFOLIOS —£10,000 INITIAL INVESTMENT

	Portfolio value at 1984 year-end £	% change over one-year period to Dec. 1984	Jan. 1982-Dec. 1984 Original portfolio unchanged £
Berry Asset Management	15,590	+ 1.7	17,198
Unit Trust Selection Service‖	16,096	+15.3	16,096
Colham	16,727	+12.7	16,251
Edenhall Securities	14,505	+10.2	13,112
Hargreaves Lansdown	14,657	+ 9.0	17,471
Hoare Govett UTAS	16,792	+ 9.6	16,947
Investment Selection & Managmt.	15,882	+13.8	16,429
Premier Unit Trust Brokers	19,606	+12.3	14,525
Richards Longstaff UTPM	27,010	+11.5	17,344
Spry Unit Trust Management	14,089	+ 7.3	15,333
Towerhill Securities	14,045	− 0.9	11,968
Fraser Henderson§	9,281	− 7.2	9,636
Hill Samuel†	12,957	+19.4	14,681
Touche Remnant‡	11,109	+12.5	11,236
Whitechurch Securities*	15,446	+36.0	11,907
FT Actuaries All Share¶	19,230	+28.9	—
Planned Savings Unit Trust	19,559	+17.7	—
Capital International World¶	20,882	+23.6	—

Portfolio commenced: * July 1982; † January 1983; ‡ July 1983; § January 1984. ¶ Indices have been adjusted for dealing costs. ‖ *Capel-Cure Myers. Capital International* index takes account of currency movements.

Source: Planned Savings.

The virtue of non-specialisation

George Graham talks to MLA fund manager Brian Stuart

BRIAN STUART wishes he had invested in the unit trust he manages. He could have bought MLA Units for 21 pence each soon after the fund was launched in 1976. Now they cost 268p each.

Over the last seven years MLA's performance has comfortably outstripped that of any other unit trust. It also heads the league tables for UK trusts over the three and five year periods.

Stuart and Andrew Maclean —*now deputy group general* manager of MLA's parent, Municipal Mutual Insurance—have presided together over this growth. *The fund for years* remained tiny in proportion to Municipal's general insurance funds. But with more active marketing in the last two or three years it has expanded to over £22m.

It hasn't been easy all the time, says Stuart, continually glancing at share prices moving across a television *screen in the corner of the* room.

"People talk about a continuous bull market. But actually, *living through it, it never* seemed quite like that," he says.

What the MLA team—in common with many other investment managers—has traditionally tried to do is to gauge the course of the economic cycle. Since different types of business will tend to benefit most at different stages of the overall *cycle, the aim is to pick* companies in a sector that is about to cash in on a recovery.

In past years, Stuart has *moved 30 per cent of the fund* into oil company shares to take advantage of a boom in that sector — and moved out again soon, avoiding the subsequent declines in oil share prices.

Since 1982, however, the stock market has rotated through the sectors once, Stuart says, and people are wondering where to go next.

Because the MLA fund does *not restrict itself to UK invest*ments, the managers also have to take a view on the cycles in stock markets around the *world.*

Stuart points out that he has to take a longer term view because of the expenses involved in short-term trading.

If he is very gloomy about stock market prospects, he says, it is expensive to pull money out of shares and put it on deposit at a bank. Selling the shares and buying them back *again when he is more confi*dent will cost 6 to 9 per cent of their value in dealing charges alone.

Stuart is often looking for special opportunities with much longer term prospects. One such was Polly Peck. Stuart bought the shares because he liked Polly Peck's record of earnings growth, though other investors were still sceptical about whether anything concrete lay behind the figures. He expected the investment to take three or four years to pay off.

In fact, it was only eighteen *months* before the price started *to soar.* Stuart bought at about £3 a share, and added a few more at £6.30. He began to sell when the price reached £20.

He *didn't manage to sell the* whole of the stake at the top of the market, but he had got rid of it all within four weeks of the price hitting its peak of over £35.

Stuart is keen to dispel the notion that the MLA fund concentrates on this kind of speculative, high-flying share. He never held Bio-Isolates or London and Liverpool, he says, referring to two more recent wonder stocks.

As a general trust, MLA can*not expect to outperform the* best specialist fund in any one year, Stuart says. But in the next year, when that particular market may have taken a turn for the worse, he hopes to leave the specialist behind.

Brian Stuart

YOUR SAVINGS AND INVESTMENTS

More private investors check out traded options

Charles Batchelor explains how the BT flotation has boosted the trade options market out of a six-year gloom . . . and Clive Wolman advises Telecom shareholders whether or not to sell

THE BRITISH TELECOM flotation last December gave the traded options market the break it had been looking for after six frustrating years.

Turnover on the options exchange leaped nearly threefold to 26,884 contracts when trading in the BT options began on December 4—the day after dealings in the underlying shares had begun on the Stock Market. The previous turnover record on the options market had been 10,160 contracts.

"BT has been phenomenal," says Tony Whalley, traded options specialist at stockbrokers Scrimgeour, Kemp-Gee.

"BT triggered off a whole new lot of clients," echoes Gillian Nathan of Vickers da Costa.

On that first heady day of trading BT accounted for no less than 87 per cent of total option business. Its share has fallen back but the spin-off of interest from BT to other stocks has produced volumes which the Stock Exchange hopes will prove permanent.

A stock index option, based *on the FT-SE 100 Stock Index* was introduced last May. This allows individuals to hedge the risk on their portfolios or take a view on the future development of the stock market as a whole.

In January a short gilt option was added, based on the 10 per cent Exchequer 1989 gilt stock.

Tax restraints on individuals and institutions have gradually been removed. Last May the Inland Revenue ruled that individuals face capital gains tax rather than income tax on any profits on FT-SE 100 Stock Index contracts.

Institutions still dominate the traded options market—as they do the equities market. But the influx of more private investors has led to a healthier balance between buyers of options (usually individual investors and the sellers (usually the institutions). This increase in buying demand has, however, had the effect of pushing up option prices. And until there is an increase in the number of professional market makers and an increase in competition between them, the spread between buy and sell prices is likely to remain fairly wide.

Most importantly, the options market has achieved a critical mass. Enough options are now quoted to guarantee at least half a dozen volatile options at any time.

The Commercial Union option slumbered for several years before bid speculation led to volatile share price movements and attractive option possibilities in 1983 and 1984. Jaguar, Racal, ICI and Imperial Tobacco Group have all provided speculative opportunities in recent months.

Even if interest in BT wanes in the months ahead, the traded options market appears to have finally established itself.

C.B:

Make Buzby happy—don't hang up on him

FOR THE hundreds of thousands of British Telecom shareholders, this has been a worrying week. The BT share price, after reaching a peak of 134p last month, fell back below 120p.

For those who have a relatively high proportion of their assets tied up in BT and possibly own no other UK company shares, the advice you would normally receive would be to take your profits now by selling the shares.

But the Government is prepared to offer further incentives to those who hold onto BT shares longer. If you were originally allocated at least 400 shares and can keep them until June 25, after paying the second call of 50p per share, you may be entitled to two £18 vouchers which can be used to reduce your next two telephone bills.

If you were allocated 800 shares you could receive a further two vouchers in December. If you elected to receive the bonus shares, you will have to wait until January 1988 before being granted one extra share for every 10 you were allocated originally.

The two vouchers due in June are certainly worth waiting for, at least if you have to pay BT telephone bills. Assuming that the BT share price four months hence will be the same as now, say 120p, the perk of two vouchers in June represents a tax-free return of about 24 per cent (on an annualised basis) from holding onto 400 shares.

But if you're worried that the share price may fall further, you have a further possibility. You can use BT traded options to hedge the risks of a fall. The simple principle is that you deal in options to ensure that whatever money you lose from a fall in the BT share price, you make the same amount from the options.

To achieve this, you would need to sell (or "write") call options on all the shares you wish to hedge—and use the money, or part of the money, to buy put options on the same *number of shares.*

By writing 120p options on, say, 400 of your BT shares from the August series (see page 27) you give someone the right to buy from you 400 BT shares at a price of 120p some time before the expiry date in August. (An adjustment will be made if you have already paid the second call on June 24, before selling your shares.) On yesterday morning's stock market prices, you will earn 12p on each 120p call option you sell. Thus, provided the BT share price does not fall more than 12p by the time you sell, you will still be ahead.

But if you think there is a risk that the share price could fall further than 12p, you can take a further precaution. This involves buying 120p put options from the same August series. Yesterday morning you would have paid a price of only about 9p per option. For this purpose you can use the money you take from selling the calls, and still be ahead by 3p per option minus the dealing expenses.

The put options will allow you to sell your shares at a guaranteed price of 120p at any time between now and August, regardless of the price of BT shares in the stock market.

In practice, when you decide to sell your underlying shares, you will not have to sell them direct to the writer of your put options. Instead, you just sell your shares in the normal way through the stock market by dealing with a stockbroker and also sell your August put options through the market. If the BT share price by then has fallen sharply, your put options will be very valuable. In fact your profits from the options should more or less match your losses from holding on to the shares rather than selling them now.

If, however, the BT share price has risen sharply to above 120p by the time you sell your shares, your put options wil be worthless, or almost worthless. In addition you now face the risk that the call options you wrote will be exercised against you at a price of only 120p. This would require you to buy more BT shares, possibly at a price well above 120p, and sell them on to the holder of the call options for only 120p. To remove this risk, you must buy back the call options you wrote through a stockbroker at the same time as you sell your underlying shares. The cost of buying the options would then wipe out, or nearly wipe out your additional profits from holding on to BT shares.

The strategy of writing call options and buying an equal number of put options can provide you with a near-perfect hedge against share price fluctuations. There are, however, other strategies you can follow.

For example, you could just buy the put options without selling the calls. Thus you would be protected against a fall in the BT share price but you would still benefit from a strong rise. The only cost of this strategy is that of buying the put option, which is rather like paying an insurance premium.

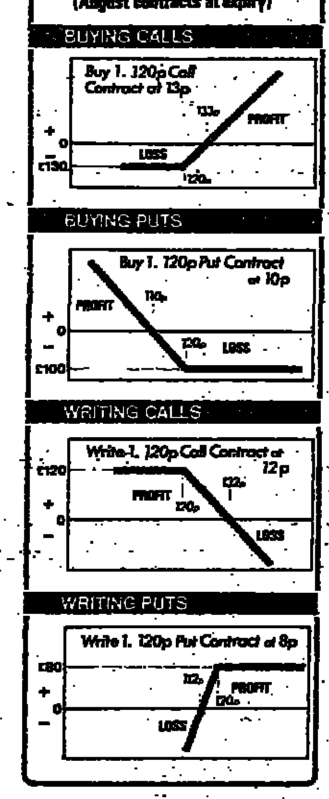
Alternatively, if you think that the share price is not likely to move far in either direction between now and the time you intend to sell, you could write call options on your shares. This represents the mirror image of buying a put.

Playing the options market can also be useful in year-end tax-planning. For example, supposing you hold shares in a company which are showing substantial capital gains. If you sell the shares this tax year, before April 5, you may have to pay capital gains tax at a rate of 30 per cent, because you have already used up your annual £5,600 exemption from CGT. So you could delay your sale until the next tax year. But if you are worried about a fall in the share price, and options are traded on the shares, you could write calls and buy puts as suggested above for BT shares.

Another *advantage could be* that if your share price rises further, your options will be showing a capital loss. If you buy back the call options or sell the puts before April 5, you will crystallise a capital loss which can be offset against your other capital gains. You could then realise the capital gains on your underlying shares by selling in the next tax year, from as early as April 6. At the very least, this will allow you to defer handing over tax to the Inland Revenue for another 12 months. At best, you may avoid tax completely by using your annual exemption from CGT for the tax year 1985-86.

C.W.

THE RISKS AND REWARDS OF TRADED OPTIONS ON BRITISH TELECOM
(August contracts at expiry)



Warrant bargains

IT IS REGARDED as one of the stock market's most esoteric sectors. But the market in warrants to buy shares in 30 investment trusts is one of the few sections of the stock market where the little man has the field more or less to himself. The principles of investment are the same as those for traded options.

This is a small sector — exercise of all the warrants now issued would only result in the issue of some £100m of shares. The big institutions, therefore, have little interest in trading warrants, which means that private investors can sometimes find under-priced bargains.

As in the options market, the risk is that your entire investment can be lost if you neither sell nor exercise the warrants. If the share price were to be below the exercise price of a warrant, the warrant would expire worthless.

However, there are profits to be made from trading the warrants themselves. If the trust's share price rises, the price of the warrant is likely to rise proportionately more. And there are substantial profits to be made if the share price rises well above the exercise price of the warrants, if you have funds available to buy the underlying shares.

Warrants provide the right (but no obligation) to buy an ordinary share in a specific trust at a fixed price. They may be exercised only on certain dates.

Warrant holders have no rights other than the ability to buy the shares. They have no votes, confer no automatic right to receive an offer if the trust is bid for, and will earn you no dividends. For higher rate taxpayers, the fact that all the returns they offer come in the form of capital gains can be an advantage.

The value of a warrant can be assessed by adding its current price to its exercise price, and comparing the result with the current ordinary share price.

The sum will almost always be greater than the existing share price. Basically, the most attractive warrants will be those *which have the smallest premium,* and at the same time have the longest time to go before the warrants expire.

Hambros Investment Trust, for example, has warrants exercisable at 177p each year on July 31 from this year to 1994. The warrant price was at 31p this week, making a total of 208p, compared with the ordinary share price of 161p.

Clearly, the warrant price takes into acount expectations that the trust's share price will rise over the next few years. But the real value of warrants can be seen in the recent movement of the prices. The share price has risen 20 per cent in recent months, but the warrant price has risen nearly 50 per cent.

This "gearing" effect also works in reverse, magnifying losses if the trust's share price falls.

Alexander Nicoll

School fee payments

INFLATION may well be running at the lowest levels for over a decade. Parents with children being educated in the private sector can be forgiven *for thinking otherwise—school* fee bills each term would imply continued inflation at high rates.

The annual surveys by the Independent Schools Information Service (ISIS)—the body that sponsors the private education sector—show that the average school fee charges have risen far faster than inflation for well over a decade, reflecting the rise in teachers' salaries and the expanding cost of capital equipment in the schools.

This has had severe repercussions on parents funding school fees out of taxed income.

In response to parental pleas, ISIS has arranged a school fees loan plan with National Westminster Bank, details of which were released this week and is available to ISIS members.

Basically, the scheme is nothing more than a second mortgage arrangement on the parents' house—though they can use some other form of acceptable security such as a portfolio of stocks and shares.

Under this scheme the parent establishes a flexible educational fund financed by NatWest for up to 70 per cent of the total value of the house (less existing mortgages) or other securities, subject to a maximum of 2½ times either parents' income.

Thus, if the parent's house is worth £80,000 and there is a £25,000 mortgage outstanding the maximum educational fund is 70 per cent of £80,000 less £25,000, that is £31,000.

Parents can draw on this fund over a five-year period—the normal fee-paying period for senior pupil education. Interest is 16½ per cent—2½ per cent above NatWest base rate.

Repayment is by a low cost endowment from a selected panel of four life companies over any period between 10 and 25 years, subject to payment by age 65.

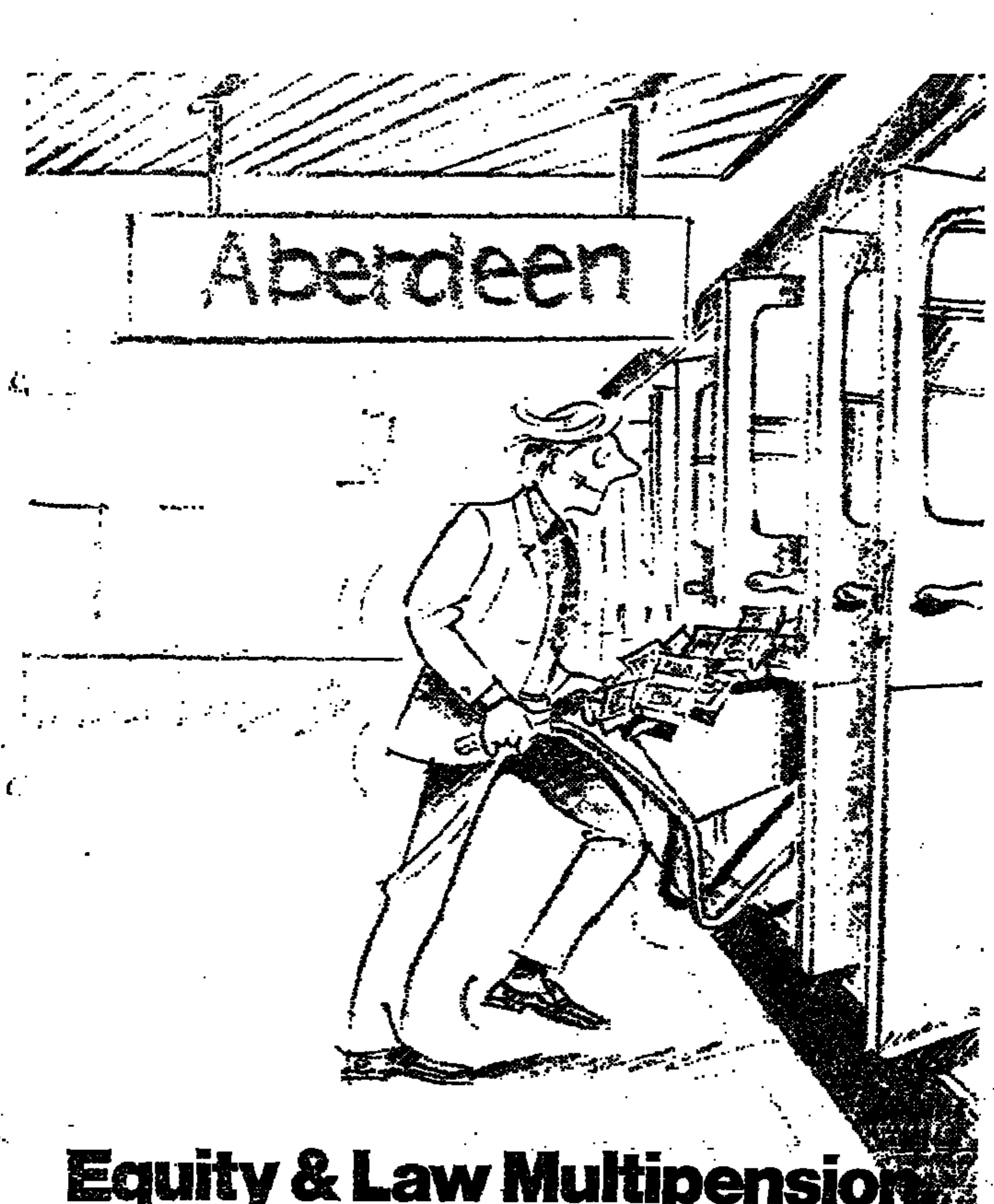
ISIS accepts this, and its literature emphasises that the scheme is no substitute for proper advance financial planning for fees.

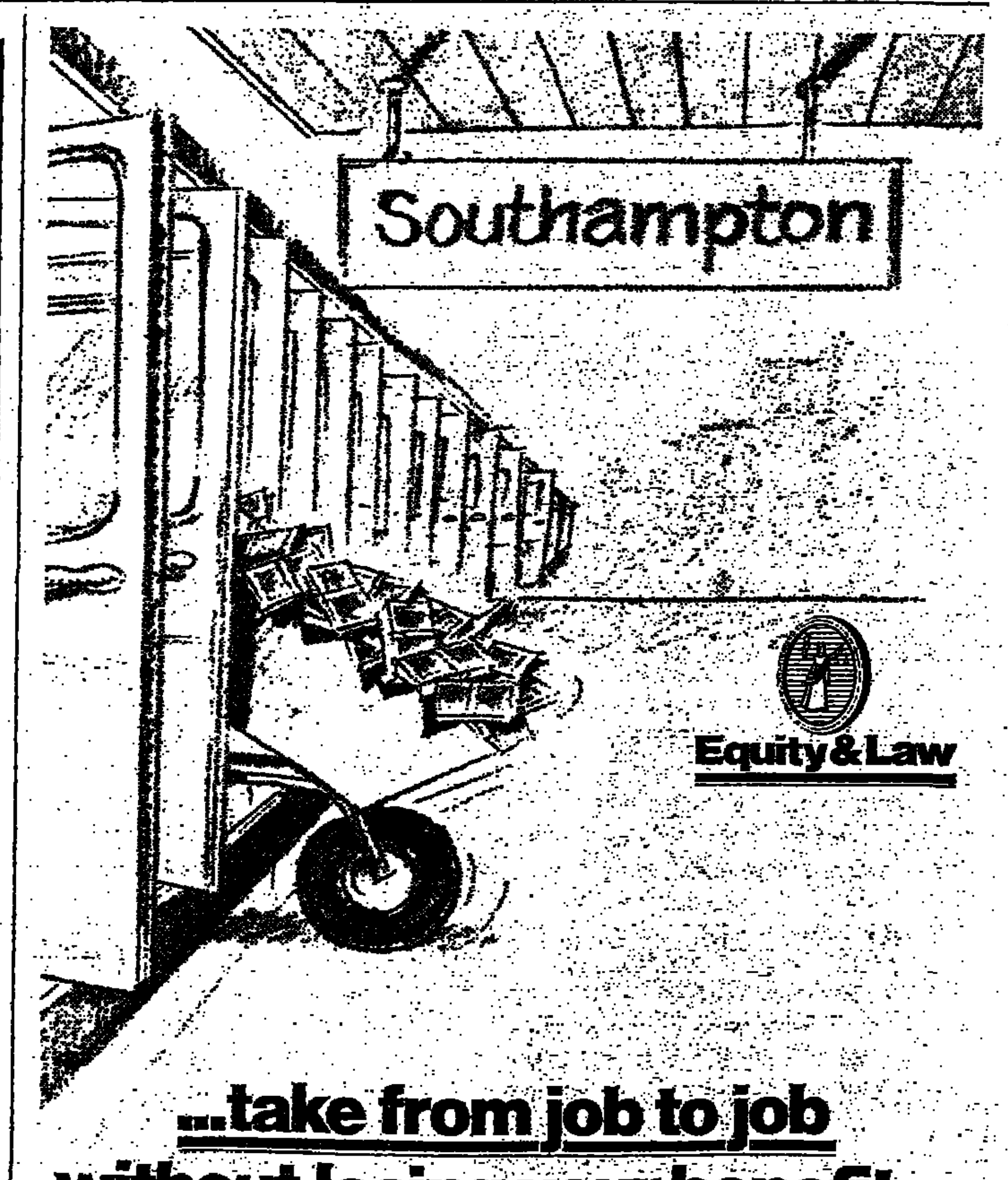
An example in the literature on the scheme highlights the cost of the scheme. A parent borrowing £12,800 could pay a cumulative amount of more than £46,000 in 18 years at a current annual percentage rate of 18 per cent.

Even if the parent did no planning ahead, there is no reason why he should not shop around for a loan and the Isis/NatWest scheme does not appear to be the best in the market. Many school fee specialists have their own loan arrangements which could sometimes offer a better return or a lower financial burden.

Details of these specialists and of the new loan scheme can be obtained from Independent Schools Information Service, 56 Buckingham Gate, London SW1E 6AG.

Eric Short





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YOUR SAVINGS AND INVESTMENTS

Tax gains from capital losses

David Cohen shows how poor investments can reduce your CGT liability

THE RECENT announcement by Acorn Computers of its last-ditch deal with Olivetti is particularly disappointing news for investors who have held Acorn shares since its USM launch in October 1983. When dealings resume after their suspension shares are expected to change hands at well below 20p compared with the original issue price of £1.20.

The steep decline highlights the potential importance for higher-rate taxpayers to be allowed to claim income tax relief on USM losses and the need to read the small print of prospectuses. For original shareholders in Acorn are likely to be deprived of this relief by a technicality.

Losses on share transactions can generally only be used to reduce capital gains tax liability. So the maximum tax savings will be 30 per cent of the amount of the loss. But the Finance Act 1980 provides for one case in which a taxpayer can opt to set a capital loss against income rather than gains, thereby reducing his income tax bill at his marginal rate of up to 60 per cent. This special relief is available only where the shares on which the loss has been incurred are not quoted on the Stock Exchange. Shares dealt in on the USM are treated as "unquoted"—hence Acorn would qualify.

There is a further condition. The investor must have acquired his shares from the company itself rather than from a third party.

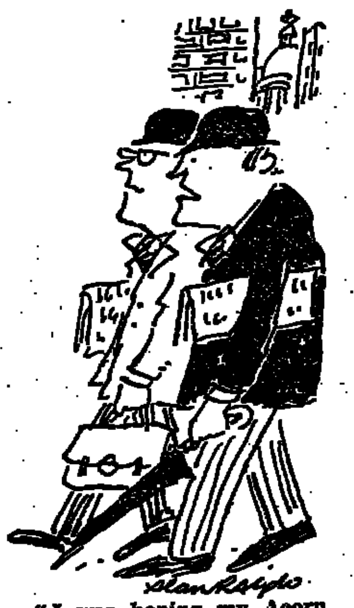
The snag with Acorn is the way in which the offer for sale was structured. All the new shares were subscribed for by its merchant bankers, Lazard Brothers, and then sold on to the public by Lazards. This means that investors were technically buying shares from Lazards rather than from Acorn itself. On a strict interpretation the relief is not available—and that is apparently the view of the Inland Revenue.

As in a normal CGT case, the shares must either have been sold or else declared of negligible value (see below). A claim for relief must be made within 2 years of the tax year in which the loss arises. After that the loss will be available only for offsetting against a capital gains tax bill.

Even if your losses are not within this privileged category you may still be able to put them to good use. With the end of the tax year approaching on April 5, it is a mistake to think that capital gains tax planning consists of just cashing in enough profits to cover your £5,600 annual exemption. Effective exploitation of losses can be just as important.

The first stage in calculating CGT liability is to deduct the taxpayer's realised gains. Then, if the net gain after inflation adjustment is more than the annual exemption, currently £5,600, tax at a flat rate of 30 per cent is chargeable on the excess.

The important point to note is that losses are deducted first and only afterwards is the annual exemption taken into account. This means that losses are only useful to the extent that they reduce net gains to £5,600 but not lower.



"I was hoping my Acorn shares would blossom into an oak-solid investment . . . . "

So further losses should be held back until a tax year in which the taxpayer's gains would otherwise exceed the annual exemption.

Whatever the tax planning considerations, an investor will often be unwilling to cash in a loss, clinging fervently, if unrealistically, to recovery hopes.

A different problem is faced by the hapless investor who has given up hope of deriving anything other than a capital loss from his investment and is denied even that because he can't sell the shares. This may be because the company has lost its Stock Exchange quote or it may have never been listed. Or there may be a legal obstacle to a sale, such as a restrictive clause in the company's articles of asociation or the commencement of winding-up proceedings.

If the only problem is lack of a market—and the shareholder's sole aim is to unlock his loss—then he may be able to find a relative or friend who will be prepared to take the shares off him.

There is one situation where a taxpayer can claim a tax loss even without having disposed of the loss-producing asset. The Capital Gains Tax Act 1979 provides that if the Inland Revenue accepts that "the value of an asset has become negligible" the owner will be treated as having sold it for a negligible amount and then immediately re-acquired it, thereby releasing an allowable loss.

Extel, the statistical and financial services group, publishes a twice yearly updated list of companies whose shares the Revenue has declared to be of negligible value. If you are unlucky enough to hold shares on that list then your claim to have the loss allowed will be automatically accepted.

If, for whatever reason, your dud investment is not listed, you can still put in a claim to your local Inspector of Taxes.

He will need to see detailed evidence of the company's decline before he reaches a decision.

David Cohen is a solicitor in London

Pension privileges

IT IS now clear that the March 19 Budget will do little or nothing to reduce the tax privileges of saving through pension funds.

The opportunities to use these privileges in year-end tax planning have expanded dramatically over the past two years.

Last week's article and decision tree suggested that savings through a pension plan would be a sound investment for almost every taxpayer. Publicity and Government action have opened up many more opportunities for the individual employee and the self-employed to start up and adjust pension contributions.

If you are self-employed or employed but not in an occupational pension scheme, you can contribute a maximum of 17.5 or 20 per cent (depending on age) of relevant earnings each tax year and obtain full tax relief. But if you wish to exceed this limit for 1984-85, you can carry back the relief over the previous six years. The importance of the end of this tax year on April 5 is that, after that date, you will no longer be able to exploit any unused pension contributions relief from the 1978-79 tax year.

The right to carry back relief over six years is the biggest advantage that pension contributions have over the Business Expansion Scheme. This allows full tax relief on an investment in most unquoted companies but involves much higher risks than pension contributions.

The biggest disadvantage of using a pension as a tax efficient method of investment is that you will probably have to leave your money tied up until you retire. There are, however, a few ways of unlocking some assets before then.

A loan-back through the company which has organised your pension plan is easiest to obtain through an insurance company, if you have used an insured pension plan. This could cover most of your contributions for this year.

The only major constraint is that you cannot use your pension plan as security for the loan — a second mortgage on your home could be attractive, or assignment of an insurance policy. But be careful not to end up paying excessively high rates of interest.

Those in occupational pension schemes have fewer opportunities for borrowing money to allow them to make use of the tax reliefs without reducing normal expenditure. But if you have cash available, most pension schemes allow employees to enhance their pension rights by making Additional Voluntary Contributions.

But note that the Inland Revenue allows employees to contribute a maximum of only 15 per cent of their earnings each year into an occupational scheme.

More seriously, some extra contributions could be wasted if you have invested more in your pension plan than is necessary to fund the maximum permissible pension — normally two-thirds of final salary.

Clive Wolman

YOUR SAVINGS AND INVESTMENTS

Gilts tax loophole blocked

Those paying the most will be hit hardest, reports Clive Wolman

HIGHER RATE taxpayers seeking the best after-tax returns on their savings had their options cut on Thursday when the Inland Revenue cracked on a widespread form of tax avoidance involving Government gilt-edged securities.

Investors in low-yielding gilt unit trusts such as the Abbey Capital Reserve trust will be affected. Their methods of converting income into lightly taxed capital gains, by selling gilts before the dividend is due, are the specific target of the new rules.

The basic rate taxpayers who invested substantial sums in one of the dividend stripping gilt or local authority bond schemes managed by Barlow Clowes or Pointon York, will also find such investments less profitable.

But the greatest immediate damage will be suffered by those who invested directly as individuals in the short-dated gilt market for specific purposes.

If you wished to tie up your money for less than six months, the most attractive option was to buy a short-doted gilt on which a dividend had recently been paid. You could then sell it within six months, before the next dividend was due.

By then, the price of the gilt should have risen above your purchase price in anticipation of the dividend pay-out. But by taking the return in the form of capital gains rather than income, you could avoid paying income tax at your top marginal rate. Gains might have been subject to capital gains tax (CGT) at 30 per cent, but only if you had used up your annual exemption from CGT on gains valued, in 1984-85, at more than £5.600.

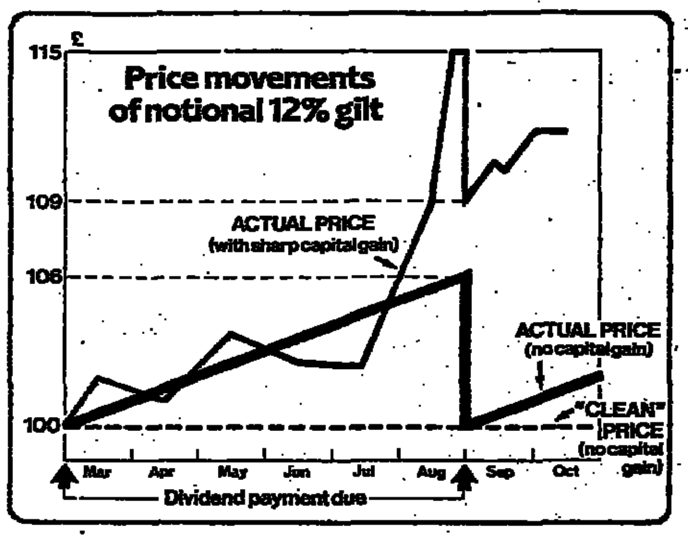
If you were worried about paying CGT, you had the alternative of holding onto the stock for more than 12 months, if possible for nearly 18 months. You would then have to pay income on the two half-yearly dividends you received, but your capital gains would be tax free.

From now on, the taxman may impose income tax only on your dividends but also on the accruing interest on your gilts as the dividend date approaches. The amount of interest that has accrued by the date you sell will be calculated according to the formula used by the Stock Exchange for short-dated gilts.

If you achieve genuine capital gains on your gilt holdings because of a cut in interest rates, that element of your returns will remain subject to the favourable CGT treatment.

Also, small investors with gilt holdings whose nominal value is less than £5.000 will be exempted fromt he new rules.

There is a further concession. The new rules will become fully operational February 28, 1985. Transitional arrangements for the next 12 months should provide comfort for many private investors.



Your tax inspector will have the right to tax any accrued interest on your gilt and other bond holdings over the next 12 months. He can ask to see details of transactions to check if you have converted income into capital gains—what he calls "bond washing."

There are two ways of claiming an exemption. You will not be taxed on accrued income over the next year if the value of the accrued income is less than 110 per cent of your dividend income from the same holdings. You can also claim exemption if the difference between this year's accrued and dividend income is no greater than it has been for the last three years.

So if you have been bond washing regularly for the last few years, you will be able to continue doing so for another 12 months.

But immediate action is required if you have not been a regular tax-avoider and have recently invested money in a high coupon gilt. For example, you may have bought the Treasury 8¾ per cent Conversion 1985 gilt intending to sell by July 29. In that case, you should sell your stock as soon as possible, and possibly reinvest your money in a low-coupon gilt.

The price of high coupon gilts fell back sharply when the news of the tax change was announced. Since then the price has partially recovered, so you should not suffer much of a loss by selling now.

Low coupon and index-linked stocks from now on should always offer better post-tax returns regardless of when they are bought, at least to all higher rate taxpayers. They will usually offer better value to basic rate taxpayers too.

Holders of low coupon and index-linked gilts have benefited from price rises over the past two days, as a result of the tax change. So too have those unit trusts, such as the Britannia Growth Gilt fund, which invested in low coupon gilts.

But gilt unit trusts such as the Abbey Capital Reserve fund, which relied on selling high coupon gilts before their dividend dates, will find their style cramped, at least from next February.

The difficulties will be even greater for the Barlow Clowes and Pointon York schemes which relied on systematically selling bonds with accrued income so that no dividends were ever received. But they should be able to continue operating on the same basis until next February.

Get a loan—and a pension

BRITAIN'S third largest building society, the £8.7bn Nationwide Building Society, chalked up another first by plunging wholeheartedly into the self-employed pensions market.

A few other societies have made funds available to life companies to add to their investment range for policy-holders. But with its PensionSave, Nationwide is handling the whole operation.

Under current legislation, only life companies can underwrite pension contracts, so Nationwide has linked up with Abbey Life assurance and used its expertise in designing the getting the plan approved.

Marketing and investment will be handled entirely by Nationwide.

The plan will be sold only through Nationwide's 520 branches and the society will train counter staff to handle inquiries. Abbey Life's agents will not be allowed to market the plan.

Contributions will be collected by Nationwide and passed over to Abbey Life which will invest them back in a special PensionSave fund run by Nationwide.

The central feature of the scheme is that it offers inflation-proofed investment to the saver up to retirement. The fund guarantees that the accumulated value of the contributions will rise each month in line with the Retail Price Index and interest will be added each year to the accumulated value at 3½ per cent.

Such index-linked funds are still rare, and life companies marketing them have not had much success. But Nationwide should be able to do better.

The self-employed can continue the inflation-proofing in retirement by using the accumulated fund to buy an index-linked annuity from Abbey Life or any other life company marketing such annuities.

For investors who want a guaranteed return on their savings that matches inflation, with something over, then this plan will attract them.

This leads on to the second feature — marketing by Nationwide staff.

Tim Melville-Ross has been an innovator since joining Nationwide. This is his first major initiative since taking over as chief general manager earlier this month. He intends that at least one person in each branch should be trained to advise and market the pension plans.

Pensions advice to the self-employed comes in two stages:

- Advising how much the individual should be contributing to ensure an adequate pension, and how much can be paid from earnings to come within Inland Revenue limits. This means liaising with the investor's accountant.
- Deciding where to invest the contributions.

But all too often, advisers concentrate on the second stage and simply ask the self-employed person how much he can afford to invest.

One suspects that most Nationwide staff providing pensions advice will follow the second course. If they are trained to provide a full service they could earn far more with a registered insurance broker or financial planner — but the intention is that they will remain on staff. The commission paid by Abbey Life will go to the society, not the advisor. This leads on to the third feature.

Abbey Life is paying Nationwide commission rates at the top of the scales laid down by the Registry of Life Assurance Commissions. In theory, such sums should be paid only to expert independent intermediaries.

Nationwide could have accepted the lowest commission rate—still an adequate reward for the sales job—and negotiated better benefits from Abbey Life.

Eric Short

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.50	8.50	8.75	Seven-day account
			9.25	Higher interest acc. 90 days' notice or charge
			6.25-8.75	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	7.50	8.50	8.75	7 days' notice. Immed. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly. inc. optn. if bal. £1,000+
			9.25	Bank Save. Bal. of £2,500. Current account
Anglia	7.50	8.50	9.25	3-year bond. No notice, 3 months' penalty
			9.25	Capital share. No notice, 1 month's penalty
			8.75	7 days' notice. No interest penalty
Barnsley	7.50	9.25	9.50	2-year termshare—3 months' notice
			9.15	Special investmt. share/monthly income share
Bradford and Bingley	7.50	8.50	9.00	Premium access. On demand, no pen. £1,000+
			9.25	High income. 3 months' notice or 90-day pen.
Bristol and West	7.50	8.50	8.50	Plus a/c £1,000+. No notice. No penalty.
			9.45	£20,000+. 9.20 £5,000+, 8.95 £1,000+, 7-day notice Triple Bonus. Also Monthly Income
Britannia	7.50	8.50	8.90	7 days' notice. 9.15 28 days' notice
Cardiff	9.00	9.10	9.50	90 days' not. Penalty if balance under £10.000
Catholic	7.80	8.30	9.30	Extra share. Interest monthly. Maximum 9.78
Century (Edinburgh)	8.85	—	9.30	Permanent 2/3 years or variable
Chelsea	7.50	8.50	9.75	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	8.50	—	Gold. No not. No pen. Under £1,000, 7.50: Over, 9.00: £5,000+ 9.38 when monthly int. added
Citizens Regency	7.75	9.00	9.15	7 days. 9.25 1 month, 9.50 3 months
City of London (The)	7.75	9.00	9.50	3 months' notice—no penalty—monthly income
			9.20	21 days' not. im. access for amnts. over £10,000
Coventry	7.50	8.75	9.75	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 9.45 £20,000+, 9.20 £5,000+, 8.85 £1,000+ monthly inc. opt.
Derbyshire	7.50	8.75	9.50	2 y., 3 m. not. with pen. 8.75 no nt./pn. m. inc.
Gateway	7.50	8.50	9.00	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.38 if added to account
Greenwich	7.50	—	9.50	90-day a/c (7-day a/c 8.75-9.25 subject to bal.)
Guardian	7.75	—	9.85	6 months, 9.60 3 months, £1,000 minimum
Halifax	7.50	8.50	8.75	7-day Xtra, 7 days' notice, no penalty
			9.00	28-day Xtra, 28 days' notice, no penalty
			9.25	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.50	8.75	9.25	90-day notice, 8.75 5-day notice
Hemel Hempstead	7.50	9.00	9.75	90 days. 9.50 60 days. 9.25 28 days.
Hendon	8.00	—	9.50	7-d. a/c min. £500. 10.00 3-mth. a/c min. £1,000
Lambeth	7.65	8.75	9.20	7-d. a/c, 9.80 Magnum a/c 6 wks. + loss of int.
Leamington Spa	7.60	—	9.10	Spa mthly. income, no not., no pen. £5,000 min.
			9.75	High flyer, no notice, no penalty. £10,000 min.
			9.65	Supershare, no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	7.50	9.25	9.00	Monthly interest, 9.25 28 days' notice or pen. neither if £10,000 still in account
Leeds Permanent	7.50	8.50	8.75	Liquid gold. No not. no pen. (9.00 on bal. of £2.500+) HRAS 10th issue 9.25 3 months' not.
Leicester	7.50	8.50	8.75	£500+ im. wdl. no pn., 9.73 comp. 3-y. £2,000+
London Permanent	8.00	—	9.50	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	7.50	—	9.50	60 d. not. or pen. No not./pen. if bal. £10,000+
Mornington	*8.30	7.80	8.50	£2K+, 8.65 £10K+, 8.80 £20K+. * £2,000—
National Counties	†7.80	8.80	9.80	90 days' notice, no penalty. † £1,000+
National and Provincial	7.50	8.50	9.50	APEX (+2% gtd. 3 yrs.) im. wdl. 60 days' pn.
			9.25	90 days' notice/pen. unless bal. stays 10,000+
			9.00	28 days' not., 8.75 7 days' not./penalty as above
Nationwide	7.50	8.50	9.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.25	Bonus-90, 90 days' notice/penalty
			9.00	Super bonus, 28 days' notice/penalty
			8.75	Bonus-7, 7 days' notice/penalty
Newcastle	7.50	8.75	9.25	90 days' notice, 9.00 28 days' notice
			8.50	7 days' notice. On demand with penalty
			9.75	2-year term access with penalty
Northern Rock	7.50	8.75	9.50	Moneyspinner plus £20,000 or more
			9.25	Moneyspinner plus £5,000 or more
			9.00	Moneyspinner plus £500 or more
Norwich	7.50	8.75	9.05	7-day share monthly income option
Peckham	8.25	—	9.25-9.75	imm. wdl. if over £2,000. Monthly income
Peterborough	7.50	8.80	9.50	Flexi-plus 60 days' notice monthly income
Portman	7.50	9.25	9.10	Flexi-plus. Minimum £500. No notice imm. wdl.
			9.50	Prem. Min. £500. 2 months' notice. No penalty
Portsmouth	7.65	9.15	9.80	3 years, 9.60 90 days, 9.35 30 days, 9.05 7 days
Property Owners	8.00	9.50	9.80	3 mths., 9.50 6 mths., 9.35 28 days, 9.25 im. ac.
Scarborough	7.50	8.75	9.50	2-yr. limited share. 1.75 guaranteed differential
Skipton	7.50	8.75	9.70	Sovereign £10,000+, 9.35 £500-£9,999. Monthly
Stroud	7.50	8.75	9.30	inc. 9.35, min. inv. £2,500. Inst. access no pen. 3 m., 9.05 1 m. 9.05 £10,000+, no pen., no not.
Sussex County	7.50	9.00	8.80	7 days. 9.10 Sussex high, 9.40 90 days
Sussex Mutual	7.75	9.00	9.15	Over £5,000, imm. wdl. Under £5,000 7 d. not.
Thrift	7.60	—	8.60	3-year term. Other accounts available
Town and Country	7.50	8.50	9.50	90 d. not. or pen. No not./pen. if bal. £10,000+
			9.00	7 d. not. or pen. No not./pen. if bal. £10,000+
Wessex	9.35	—	—	No notice—no penalties—minimum invest. £1
Woolwich	7.50	—	9.00	Prime—no notice, no penalty, minimum £500
			9.00	Monthly increase shares. 28 days' notice
			9.25	Capital. 90 days' notice/penalty
Yorkshire	7.50	8.50	9.25	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

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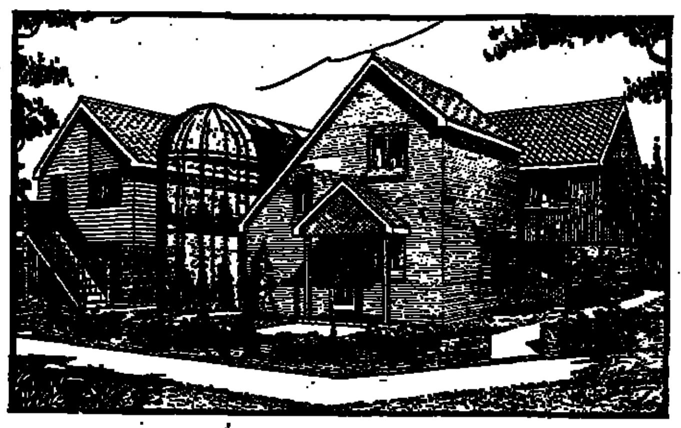
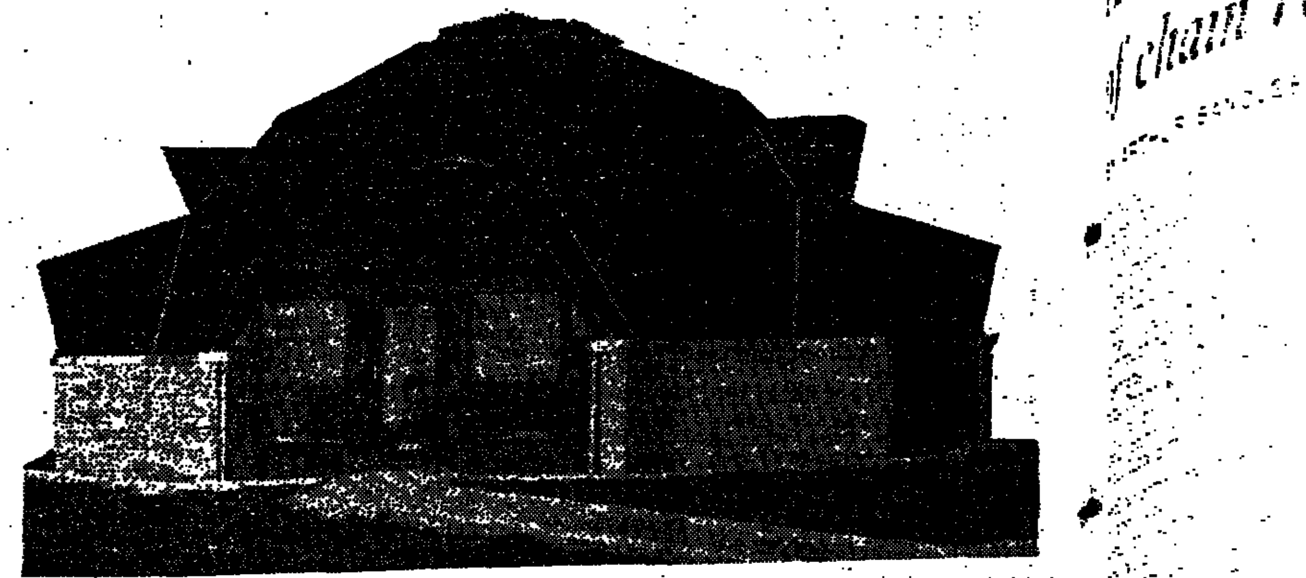
PROPERTY

Winds of change in the 'House of Horrors'

BY JUNE FIELD


Potton half-timbered farmhouse at the Daily Mail Ideal Home Exhibition


Wimpey Homes' showhouse complex at the Daily Mail Ideal Home Exhibition


Nectar Homes geodesic dome house being built in Surrey, which it is claimed will save as much as 50 per cent on heating costs. Details 01-660 0011

BURST PIPES, inefficient central heating, condensation between double-glazing panes not to speak of all manner of untraceable draughts have certainly found out the deficiencies of many an ideal home this winter.

The *government-sponsored* "House of Horrors" at the Ideal Home Exhibition opening at Earl's Court on Tuesday (until March 31), effectively puts over the problems of energy-squandering in the home.

In a graphic though light-hearted display designed by Vik Vallance of the Central Office of Information a devastating collection of energy-wasting "monsters" in animated model-form are set in a fairgroud concept.

There in Tankenstein, a three-foot-tall character house eyes reveal water bubbling merrily away inside his unlagged body while steam comes out of his seams, and Dragula a fire-eating creature snorting *out smoke* in a draughty room.

Ghostly gusts waft through the cracks around doors and windows, and Demons Bill and Demand gloatingly tot up the cash as the meters spin round like tops.

The kids will love it, but all this is part of a serious effort by the Energy Efficiency Official (EEO), set up by the government in October 1983. After the horrors (watch out for the hooded monk and the odd bat or two), the hard sell begins *with a bumper bundle of useful* booklets such as *Make the most of your heating*. This sets out the actual amounts that should be saved on fuel bills when everything is done properly. It is all rather late for this year, *but the idea is to* get cracking now to alleviate some of next winter's discontent. Those who cannot get to the exhibition should write to the Department of Energy, Thames House South, Millbank, London, SW1, for background information.

This week too, the Abbey National Building Society launched their Energy Save Service. For new mortgage applicants, part of the valuation report now has a special section where the surveyor advises (at no extra charge)on what measures should be taken to reduce unnecessarily high fuel bills.

Pin-pointed are such items as lagging for hot water cylinder and exposed pipes, loft insulation, fill to external cavity walls, where secondary or double glazing would be effective especially to north and east-facing windows, and even reminding that letter-box flaps need draught-proofing.

Thesociety will help you pay for any work. But do not expect instant results in an old house. As Abbey National's chief surveyor John Lunt maintains, they are promoting energy-conservation "not so much on the basis that it makes economic sense, but that it will also provide a greater comfort level" and it will encourage what Mrs Shirley Williams des*cribed at the press briefing as* "the universal adoption of a system of energy rating for homes."

For an energy-save guide suitable for existing borrowers as well, write to Mr Lunt, Abbey National Building Society, United Kingdom House, 180 Oxford Street, London, W.1, or ask for one at any of their branches.

One of the greast factors affecting heat loss in any building is it shape. The more surface area a building has, the greater the heat loss. A rectangular building will tend to trap heat and air in the top corners, while with a spherical *shape the air will circulate more* easily. So, could you live in a home that looks like a cross between an Eskimo igloo and a flying saucer?

That is what the design of a new "geodesic dome" is based on, a form which owes much to the work of American architect Richard Buckminster Fuller (1895-1983). Nectar Homes, the company that brought the idea across the Atlantic, says that building regulations approval has been given for the timber-framed structure which is wholly factoryq-made, then assembled *on site. It will cost from about* £60,000 for the three bedroom-size, blue the cost of the land. (Details on a showhouse under construction from F. G. Dobby, Nectar Homes, Royal Oak House, Broughton Road, Purley, Surrey.)

To keep us warm in the future, Milton Keynes Development Corporation has initiated an exciting Energy Park to include a special Energy World Village. Developers and architects have been asked to submit plans for homes for first-time buyers, and higher-priced housing, all to achieve a high degree *of energy efficiency.* Building will begin on the 300- Exhibition. acre site in the autumn of this year to be finished by the summer of 1986 in time for the opening of the Energy World

A pilot project called HEAT (Home Energy Audit and Treatment), was sponsored by the Department of Energy with the Anglia Building Society at the end of last year. There is an Energy Efficiency Information Centre in London in the Building Centre in Store Street, WC1. Then there is BRECSU (Building Research Energy *Conservation* Support Unit), headed by John Britten at Garston, near Watford, who provide technical commentaries and an economic *assessment of energy-*saving measures, mainly for local authorities.

Energy Secretary Peter Walker's recent call for conservation as a major feature of all homes, old and new, is welcome, but with so many bodies involved, surely something could be saved by more co-ordination?

Guide to next week's Ideal Home Exhibiton showhouses at Earl's Court:

EXHIBITION GUIDE

● Architectural Services Planning Partnership, Redhill, *Surrey*, has gone for a Cotswold manor house style in Bradstone, a reconstructed stone which, made from moulds taken from natural stone originals, looks a bit brash until it weathers. ASPP managing director John Bailey makes the ambitious claim that the timberframe construction coupled with Everest double glazing will cut heating costs in half. The company's thatched cottage at last year's exhibition has been a slow seller, but the thatcher, Bob West, has *just* obtained a contract from Bovis Homes to build four thatched houses in Milton Keynes.

● Charles Church, Camberley, Surrey, is using mellow, knapped flints with a course of red "*rubbed*" bricks for its Keeper's Cottage. The prototype at Lightwater has just sold for £110,000.

● Costain Homes, builders of the impressive Thames Barrier in 1983, has produced two *waterside-style houses complete* with port-hole windows and wooden balconies. They are similar to those building at Turner's Quay on the Trent at Nottingham, at Gulliver's Place in London's Surrey Docks, and those that are planned for a new development at Poole Harbour, Dorset.

● Potton Timber Engineering Company's offering is a country farmhouse of reclaimed brick and pastel render, with a roof of *old* terracotta square tiles. The interior is based on solid timber posts and beams, made possible by the centuries-old aisle frame construction.

● Wimpey Homes features a single bedroom "gallery" home, a two bedroom bungalow, and a four bedroom detached house, in the price range £16.000 to £100,000.

Cannes goes for the conference trade

CANNES, whose shifting population of exiles and expatriates has always made it a barometer of the world's upheavals, is taking a rosier view of the future.

Wealthy Germans, British and French in search of retirement places in the sun began drifting back again this summer to buy *flats on the French Riviera.* After three years in the doldrums, the property market is coming back to life.

The large luxury hotels that dominate the Croisette—the elegant promenade that frames *the waterfront—have also been* finding new customers to replace their vanishing traditional clientele. In its stately and old-fashioned way, Cannes is competing more aggressively for the lucrative international business of congresses, business conventions and "incentive" trips—the excursions companies lay on to reward deserving employees.

Fortune has even been smiling on the casino. The Palm Beach increased its gross earnings this summer by 75 per cent to FFr 183m partly because of the dollar's strength and partly because luck was on the management's side in the spin of the roulette wheel. Some *90 per cent of receipts came* from 50 to 100 players, a faithful clientele of Middle East, American and European gamblers, some of whom were staking the windfall gains they had made on the world's stock exchanges.

But since 1981 Cannes experienced an abrupt end to the boom that sent property prices soaring above the inflation rate in the 1960s and 1970s. Prices of flats at best stagnated and at worst dropped by 20-25 per cent. The results have been dramatic, says M Jacques Longuet, director of Longuet Neel and president of the local estate agents federation.

In Cannes about 25-30 per *cent of estate agents have gone* out of business and the number of building firms has fallen by 40 per cent. Promotion of new property developments dried up, leaving a diminishing stock of flats on the market.

Worst hit was the market for medium-price flats (FFr 17,000 to FFr 20,000 a sq metre and thus expensive by most standards) that northern Europe's *wealthier classes have* traditionally sought for holidays or as bolt holes for retirement. About half Cannes' population is aged over 60.

Prices were held down both by the recession and by the loss of confidence that followed the devaluation of the French franc after the Socialists took office in 1981. French purchasers also suffered from the introduction of the wealth tax in France, and by regulations designed to stop *French citizens dodging the* clutches of the tax authorities by buying properties anonymously through companies registered in Lichtenstein or elsewhere.

The Cannois say their economy rests on the twin pillars of real estate development and of tourism. The tourist market has been hit both by recession and by successive revolutions in holiday habits.

Cannes was "founded" 150 years ago by the former British Chancellor of the Exchequer Lord Brougham as a winter resort. M Yves de Felix, the manager of the Palm Beach, recalls that when his hotel opened in 1929 only one other hotel in Cannes took the risk that year of staying open in the summer months.

Since then Cannes has prospered on north Europe's passion for the sun. It remains packed for four months in the year — including the Film Festival in May and the Video Festival in September. But it has been fading as a winter *resort in the face of competition* fuelled by cheap air travel and by the popularity of skiing.

M Edouard Pessino, owner of the three-star Belle Plage hotel and president of the federation of hoteliers, says the small hotels have also been squeezed by other changes in holiday habits. While northern Europe's professional classes had only two weeks' holiday, Cannes could count on a regular clientele which liked to spend them comfortably at Cannes in family hotels close to the waterfront. Now that holidays have expanded to five or six weeks, they can no longer afford to spend them in hotels on the

Cannes' four luxury hotels—the Majestic, the Charlton, the Martinez and the Gray d'Albion—have survived more comfortably. They have a Middle Eastern clientele which can still afford to hire a floor or two at a time. Cannes remains a magnet for the rich and the beautiful.

It is on the further growth of Cannes as a congress and convention centre that the municipality is pinning its hopes. *Two years ago a FFr 500m* Palais des Congress was completed on the sea front amid heated controversy. Mme Anne-Marie Dupuy, elected Mayor in 1983, calls *it* a "monster." Its annual operating deficit is FFr 45m—and it is now facing competition from Nice's new congress centre.

But reservations are growing. From 400,000 congress "units" (persons per night) this year, the palais expects 500,000 next year and aims for 600,000 to 700,000 in future.

The spin off for the town is that each participant spends an average FFr 1,000 a day, 70 per cent in hotels and restaurants and the retail trade takes the rest. However, international competition *is* tough.

David Housego

TRAVEL

Hotels take notice of chain reactions

BY ARTHUR SANDLES

AND NOW for a little day-dreaming. What would you call a hotel which offered: "...1,500 acres of green hills jutting out into the blue Pacific ... stroll through tropically landscaped grounds, down paths which wind through native trees...."? Or perhaps this one: "Where shining Pacific waters dance on 800 ft of golden sand, while trained dolphins frolic in a tropical lagoon"?

Shall we come down to earth? The first was an Inter-Continental, the second a Hilton, names which to a European audience more usually conjure up pictures of downtown locations, jangling telephones and high rise cement blocks.

The international hotel chains have an image problem.

To confess that you actually like an occasional shot of Sheraton, THF, Holiday Inn or Marriott is akin to admitting a sneaking affection for Bailey's Irish Cream—it is something that you had best keep to yourself in polite society.

The dilemma that the chains face is not an easy one to solve. On the one hand their customers demand a uniformity of standards and service, and yet there is an increasing search for individuality; a need not to recognise instantly that you are in a building which may be in Bangkok but which was patently conceived in Manhattan, and is run by one of those ubiquitous graduates of Swiss hotel schools.

The plain fact is, however, that the chains have not only been adapting to a more adventurous, and more experienced clientele, but even in business locations have been required to take on a much more pronounced leisure stance. Swimming pools, gyms, jogging tracks, an increasing range of restaurants, discos, various bars offering different moods, all are part of the modern "chain" hotel.

We have two apparently opposite pressures to thank for these changes. The first was the move away from blandness as business travellers became more sophisticated in their tastes. This pushed many of the chain's regular customers into smaller, privately owned, properties. The chains reacted by putting in their own "hotels within hotels"—special floors with a greater personal service for those who were prepared to pay just a little bit more. It also edged them all into the hiring of chefs who knew more than simply how to cook a steak the way they like it in Houston.

From the other end of the hotel spectrum and the globe, came that new wave of hoteliers, the orientals. Peninsula, Mandarin, Regent, Otani... these were the names which the U.S. and UK chains found themselves up against and were usually on the losing side. Competing with such hoteliers in the cities and resorts of the East forced up standards, and the impact has now spread.

Some of the best of the chains are still hardly known in Europe. Hyatt, a first choice in many U.S. cities, has a few toe-holds on this side of the Atlantic (the Carlton Tower in London or the very pleasant lakeside Hyatt in Montreux are examples).

Hilton and Sheraton hotels at Manama, Bahrain . . . the search is for greater individuality.

Westin, which runs the remarkable Las Brisas hotel in Acapulco where silent hands scatter fresh hibiscus petals on your personal swimming pool each dawn, is even more of a secret.

This is not to say that all chain hotels are wonderful. The new Hyatt Regency in Maui may be superb, with its enormous convoluted swimming pool and century-old banyan tree in a cool courtyard, but the Hyatt Manila is avoidable: I would not send friends to the Hilton Hong Kong, but the Hilton Tokyo would be high on my list for a holidaymaker or business visitor to that city.

What they tend to have in common, however, is a very high standard in basics, and the further one gets from home the more one needs them—taps that produce hot water, towels that are plentiful, fluffy and clean, coffee and good drinking water that comes as a matter of course, and a pleasant feeling that the risks of someone snatching your camera or making off with your travellers cheques are at least reduced.

A sense of adventure is one one thing, a high risk of infectious hepatitis is quite another.

Further information: The London properties of the major hotel groups will provide information concerning all their overseas operations. Westin Hotels is at 7 Conduit Street, London, W1; Mandarin International at 15, New Bridge Street, London, EC4; and Marriott at 80, Regent Street, London, W1. Utell International at Banda House, Hammersmith, London, W6, represents many of the large chains world-wide.

When leisure means learning new skills

THIS MAY not be the week to touch on the sensitive subject of teachers. However, nothing if not thick-skinned, this column must sing their praises—well, some of them.

Take the one who tried to broaden my knowledge about computers, for example. She scarcely showed her natural reaction to my cry of "Please Miss." She walked across to my desk as if releasing me from my latest electronic tangle was the one thing she had wanted to do all her life. "Well, Mr Sandles...."

It eventually emerged that my confusion was caused by an instruction book which was wedged against the Numbers key. "Miss" had more trouble this time disguising her groan.

Learning while in theory at leisure is a great thing these days. Not only are we concerned about flabby bodies and leaping to acquire the muscular skills of windsurfing and horse riding, but also our underdeveloped minds.

Computing features strongly on any list. "Parents have realised that this is something their children either know about or need to know about and they come along to get to grips with the basics," I was assured.

The most popular courses are in history, languages, cookery, painting, antiques and (no hints, please), writing.

I would make the same comments about learning holidays this week as I did about activity trips last Saturday — do choose with extreme care, particularly to make sure that the course is of the standard that you require. Some courses, particularly the weekend ones run by hotel groups, are often very much for fun. Everyone there is likely to be interested but may not be deeply enthusiastic. A few people may be simply along for the beer.

At the other end of the scale I find it difficult to believe that many people go to the Earnley Concourse in Sussex, perhaps the most active of the residential adult educational centres in Britain, just for a giggle. Earnley charges just over £200 for a residential week, plus meals, and offers an extremely wide range.

Galleon Travel (52, High Street, Sevenoaks, Kent) is probably the known name in the painting course lists, but they are not alone. Saga (see your travel agent), for example, do painting trips for the over 60s to St Ives in Cornwall for upwards of £109 for a week.

Saga also offers study weeks on antiques, a rich field for selective research for potential holidaymakers. The menu here includes antique restoration weekends at Hazel Tree Farm (Hastingleigh, Kent), porcelain collectors' weekends at Warnes Hotel, Worthing, antique initiation courses at Ladbroke's hotels in Bracknell, London, Oxford and Wetherby and visits to auctions and antiques markets with guidance from Stowe Court (Stowe, Nr. St. Briavels, Lydney, Glos.).

Language learning within Britain is, of course, a pleasure, but I suspect that learning, or improving, is greater fun in the country concerned. Educational Tours Abroad (77a George Street, Croydon) operates a series of courses in France, Germany, Spain and Italy. Many of the courses are, however, aimed at younger people and you should read the age brackets mentioned with great care.

Eurocentres also offer a large number of courses in Europe, and wonder why so many Europeans come to Britain to learn English while the British tend to stay within the UK to learn foreign languages. You can contact Eurocentre through the †, at 21 Meadowcourt Road, London SE3 9EU.

For basic—or perhaps Basic—information about learning holidays in England, however, I can do no better than to recommend the same small volume as was mentioned last week: Activity and Hobby Holidays, England 1985, from bookstalls £1.25.

Arthur Sandles

Englishmen skiing in the midday sun

THIS IS more like it—good snow for the first time this year and, paradoxically, enough sun to get a tan. Jorg whisks us around the Jungfrau ski area. We hear chaffinches singing and nature seems undecided ton whether to salvage what's left of winter or get on with the spring.

Even Downhill Only Club (DOC) veterans, for whom Wengen is Mecca, can scarcely remember a worst winter. But Thomsons have enough faith in the resort to let us see it below its best.

The DOC was formed 60 years ago by a few English eccentrics who could ski better than the local farmers. They used the mountain railway rather than walking up—hence the club name.

Som original members are still alive; many others are in their sixties and seventies. "We still try to ski off piste at all times," says Harold Thorp, a sprightly 64-year-old who still skis in boots he has had for 25 years.

His wife Kitty has never worn skis and yet she has accompanied him to the same hotel (The Eiger) for 35 years for a month each winter. "We have a gentlemen's agreement—he skis and I potter."

Wengen is so steeped in Englishness that even some of the runs have English names, like "Bumps" and "Oh God!" Then there's "White Hare"—a magnificent powder run right under the north face of the Eiger.

The DOC almost never go anywhere except Wengen. "I like to know what's round the next corner," says Mary Hamilton-Sharp.

Her hubsand Graham is 70 and learned to ski before the war in Zermatt. "I can't remember whether my skis had edges or not but they were made of hickory."

How do you join this extraordinary club which the locals regard with a mixture of amusement and respect? "Well, first you have to be the right sort of chap," said one of their committee. Understood. "Then you go to the top of the mountain. I light my cigar and if it's still alight when you get down, you're in."

A.S.

MOTORING

So fast—but so refined

BY STUART MARSHALL

IF YOU WANT to make Burkard Bovenspien, a jovial Bavarian lover of fast cars and fine wines bristle, you will refer to the 500 Alpinas he creates each year as conversions.

"We are not converters; we are a motor manufacturer. Small maybe, but still a manufacturer," he says. True, he uses mainly BMW-supplied components and an Alpina, to all but a knowledgeable eye, looks like an off-the-peg BMW. But, even by BMW's standards, Alpinas go uncommonly well.

The B9 Alpina, based on a 5-series shell, impressed me profoundly when I drove it in 5-speed manual and 4-speed automatic form. It's not just a very fast car (153 mph maximum and 0-60 in 6.6 seconds) but amazingly driveable and refined.

I steamed up Dover Hill in a B9 in top and later drove it at 135 mph on the not then opened French A26 autoroute while a BBC reporter interviewed a Townsend ferry man on the back seat. A car in which that can be done is really refined.

Alpinas have sold well in Britain to connoisseurs of fast motoring who prefer not to squash themselves into exotic but cramped 2+2 machines. So much so that Britain is the only country where the manufacture of Alpinas has been licensed. Sytner of Nottingham will manufacture 120 Alpina cars this year. They will sell at between £17,000 and £33,000 to buyers who have ultra-high performance cars to drive fast (hopefully, only where the law allows), not just to bask in the reflected glory of ownership, which is the fate of some super-cars.

The typical Alpina owner in Germany drives between three and four times the national average mileage each year. Here, too, the average Alpina covers 20,000 miles per annum against a national mean of around 8,000 miles.

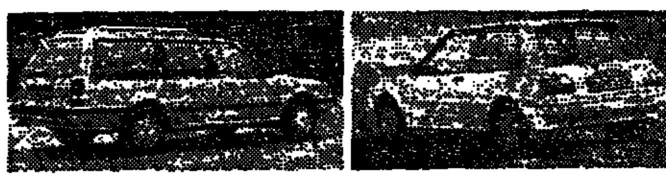
So how does Herr Bovenspien in Germany (and Mr Sytner of Nottingham) turn, say, a BMW 535i with a 143 mph maximum into a B10 Alpina that will reach 155 mph? By increasing the engine's output and torque, raising the final-drive gears, modifying the suspension and fitting different wheels and tyres.

There are no grotesque bolt-on body bits for appearance reasons; just a few aerodynamic aids that are necessary to smooth the airflow and reduce front-end lift at maximum speed. Alpinas remain full four- or five-seat saloons which any BMW dealer can service.

With its M535i and M635CSi models, BMW now has cars in its range that are faster than the "cooking" 535i and 635i. Might this not mean that buyers would go for these instead of an Alpina? "You might think so," said Herr Bovenspien, "but every time BMW brings out a more powerful car, demand for Alpinas goes up. The appetite grows with eating."

And who is a typical Alpina owner? In Britain and Germany, many Porsche buyers turn to Alpina when their children no longer fit the limit[ed] space in the back.

There is a flourishing exp[ort] market to Japan, where a rea[l] fancy foreign car with ult[ra] high performance potential [is] trendy among the well heel[ed] even though they would [be] locked up if they tried to expl[oit] it on public roads. Althou[gh] they drive on the left in Japa[n] as we do, Alpina buyers ins[ist] on left-hand steering. "Just [so] no one will be unaware that t[he] car is imported, not a hom[e] grown special," said He[rr] Bovenspien, with the air of [a] man laughing all the way to t[he] bank.



The Montego Vanden Plas (left) and the Corolla GT.

Speed and luxury

BUYERS of hot hatchbacks and luxury estate cars will welcome announcements of new models by Toyota and BL's Austin-Rover group this week. The Toyota Corolla GT is powered by the peerless four-cylinder, 16-valve engine first seen in the rear-wheel drive GT and due to go in the Lotus X-100 two-seat sports car in the autumn of next year. This 119 hp at 6,600 rpm 1½-litre engine is a dazzler. It pulls untemperamentally at 30 mph in fifth and feels only enjoyably hard working at 7,000 rpm.

The same engine and silky five-speed transmission also go into the mid-engined Toyota MR2, previewed at the Birmingham motor show last October and soon to be released here. The rear-drive Corolla GT Coupe continues to be available, mainly for motor sport enthusiasts and amateur rallyists who don't feel at home in a front-drive car.

On some twisting cobbled hills in Portugal recently, the new Corolla GT showed crisp handling, vivid acceleration and the well-mannered virility that made the original VW Golf GTi such a cult car. Complete with an electric sunroof, 60 series tyres on alloy wheels, radio/stereo cassette player and belts for all five occupants, the Corolla G[T] costs £7,000. And that, V[W] will not be pleased to note, [is] nearly £1,000 less than th[e] latest GTi.

The Montego Vanden Pl[as] seats up to seven (the occ[a]sional rear facing seats a[re] standard) and is pitched [at] buyers who don't reckon [to] fill an estate with bales o[f] straw and bags of manur[e]. This £10,220 newcomer h[as] the two-litre, fuel-injecte[d] engine so far seen only in th[e] Montego/Maestro EFi MG though linked with a slight[ly] wider-ratio five-speed gearbo[x].

Top speed is said to be 1[..] mph, with a 0-60 mph accele[r]ation time of 9.5 seconds an[d] more importantly, pick-up [in] fourth from 30-50 mph in ju[st] over nine seconds.

I have not yet driven th[e] Vanden Plas estate though [I] rate the normal Monte[go] estate one of the best cars [in] BL's current line-up. Th[e] Vanden Plas — also availab[le] as a saloon with fuel injecte[d] or carburetted engines — h[as] an integral roofrack, se[lf] levelling rear suspensio[n], electric windows and electr[ic]ally adjustable and heat[ed] exterior mirrors. The all[oy] wheels are shod with low pr[o]file TD tyres which wo[n't] come off the rim after a hig[h] speed deflation and have [a] limited run-on capability.

Short cuts to lawn safety

GARDENING

ARTHUR HELLYER

WHEN IT was realised some years ago that grass could be cut quite efficiently with a short length of rapidly rotated nylon cord a new era opened in lawn mowing safety. I do not think that this was realised immediately, for the grass trimmers to which the new method was applied were not made for all-over lawn mowing, though some gardeners used them in that way. They were made for cutting the awkward places, particularly grass against walls, fences, posts and other hard objects where conventional lawn mowers were useless.

Nylon trimmers have now been in use for a sufficient time for gardens to be quite certain about their advantages and limitations. For some years I have used a nylon cord head on a petrol-engined brush cutter where it is interchangeable with a wicked looking metal saw that will rip through ½ inch-thick saplings at a single blow and a metal slasher that will deal with brambles and other slender scrub in a similar summary manner.

They could inflict severe wounds if they came into contact with flesh but if the nylon cord trimmer hits a boot it gives a smart whack but without any danger to the foot. It can even be run against firm stems of shrubs or roses without damage, but it will bruise or tear off soft stems.

I find this trimmer invaluable in many situations for clearing weeds as well as for cutting grass, and I also use it to trim the lawn edge which it does swiftly and easily though not as cleanly as long handled shears. My own machine has a rotatable head which makes it possible to tilt the revolving cord to a convenient angle for edge trimming, but sometimes, when I am in a hurry, I do not stop to do this but simply tilt the whole tool which is not difficult.

But until last year, I had not heard of anyone marketing a lawn mower with a non-metal blade. Qualcast led the way with two new electric rotaries, the Rota-Safe and the Mow-n-Trim in each of which a single plastic blade is used in place of metal blades with the future option, in the Mow-n-Trim, of replacing the plastic blade with a nylon cord for cutting against hard objects.

This year the development has been carried further with the Hover-Safe, an air-cushion mower with a single plastic blade and Flymo has responded to this challenge with a disc carrying two plastic blades which can be fitted in place of the normal metal blades on the Minimo, Sprinter DLE, E25 and E30 and the Sprintmaster XE30.

I have not had an opportunity to test the Flymo plastic blades, but I have had a season's experience of the Qualcast Mow-n-Trim. The blade is safe and cuts quite well but it wears out quickly. About an hour to an hour and a half seems to be the life of the blade which must then be replaced by a new one. If a blade hits a stone or other hard object it is likely to break.

The immediate change is easy to do, requires no tools and does not cost much, but it is a slight annoyance, and means that a supply of blades must be kept at hand.

I am told that experiments have shown that with harder plastic the element of safety declines rapidly but toughness and hardness are not the same thing and nylon cord lasts much longer and does not shatter when it hits something hard. To this the official reply seems to be that grass cutters do not rotate as fast as grass trimmers and that, at these lower speeds, the nylon cord does not give an acceptably clean cut. I have tried — and disagree — but in any case the difference in speed of revolution is not all that great, 7,888 rpm for the Qualcast nylon cord Moline trimmer and 6,600 rpm for the Rota-safe and Mown-n-Trim. It would seem that a slight speeding up would overcome the difficulty if it really exists.

Whatever the ultimate solution, I feel sure that manufacturers of the smaller rotary lawn mowers will have to search for it now that the public has been made aware of the extra safety of semi-soft or pliable material instead of metal blades. It is not just a question of avoiding cut toes or fingers—accidents which seem to be on the decline and probably were never so numerous as some scare headlines may have suggested.

With mains electric machines it is the cables that are most at risk, and mine have been cut several times, not by me but by less careful assistants. Neither nylon cord nor the plastic blades I have used will cut through mains cable even when run right into it.

Another safety device already essential in some countries but not yet in the UK is an automatic brake for the revolving blade of rotary grass cutters. The big machines already have it because the small additonal cost can be so readily absorbed in the relatively high price of the machines. It is those at the highly competitive bottom end of the market that for the most part remain free swnging when the power is cut off.

I use a small mains electric wheeled rotary whch suffers from this fault. In most respects it is an excellent machine, but it lacks a reversible boom or other device to throw the trailing cable well away from the track of the machine, and it has rather too small an outlet for the cut grass which, when wet, tends to choke it up. The temptaton is often to switch off the current, lift off the grass box and clear the duct with ones fingers, but the blades go on swinging for quite a long time and are so sharp that even when moving slowly they can cut quite badly.

I believe that legislation to rectify this danger must come soon. Meanwhile, efforts by manufacturers to introduce it seem destined to failure since buyers are reluctant to pay the extra when brakeless machines can be purchased for £10 or thereabouts less.

BOOKS

Charlie bobs up again

BY NIGEL ANDREWS

Chaplin: His Life and Art
by David Robinson. Collins, £15.00. 792 pages

There are at least as many Charlie Chaplins as there have been books written about him; and those, David Robinson assures us in his mammoth biography, run to several hundred. There is the slapstick Chaplin, the satirical Chaplin, the sentimental Chaplin, the womanising Chaplin, the "communist" Chaplin . . . how can any biography, even of 700 pages plus appendices, embrace all these faces? And how much can new revelations about Chaplin, ferreted forth by *Robinson from Hollywood* vaults, FBI files and the generosity of Lady Chaplin in unearthing private documents and working papers, tell us that we don't already know about the man and the artist?

The book's answer is, plenty. This is one of those addictive biographies in which you start by looking in the index for items that interest you, then find that each item has a knock-on effect into the next, and as dawn breaks you're reading the book from cover to cover.

Robinson makes little attempt to "sell" Chaplin to us: his is a work of history rather than of critical evangelism. But it's fleshed out with rich Dickensian detail—an apt attribute since Chaplin's South London childhood was adorned with a mother whose eccentricity turned into certified madness (she spent several months in asylums) and with spells on the Music-hall stage which were preceded by less auspicious spells in local workhouses.

Robinson has dug up the original LCC records of these sojourns; and he has also scoured the turn-of-the-century playbills and posters to give us a virtually complete theatrical history of our hero and family, from Mum's success as the "Charming Little Chanter" to sonny's triumph in everything from *Jimmy the Fearless, or The Boy 'Ero* to *Sherlock Holmes*.

(Not, we hasten to add, as Holmes.)

Soon Chaplin was making the legendary transatlantic leap to Hollywood and we swing into an immaculately researched run through the production visicissitudes, the scarcely less regular marriages and divorces, and the growing murmur of American disaffection over Chaplin's "politics."

If there is a weakness in the book, it is Robinson's limitless tolerance of his not-always-admirable hero and—dare one say it?—his gullibility to the pathetic touch.

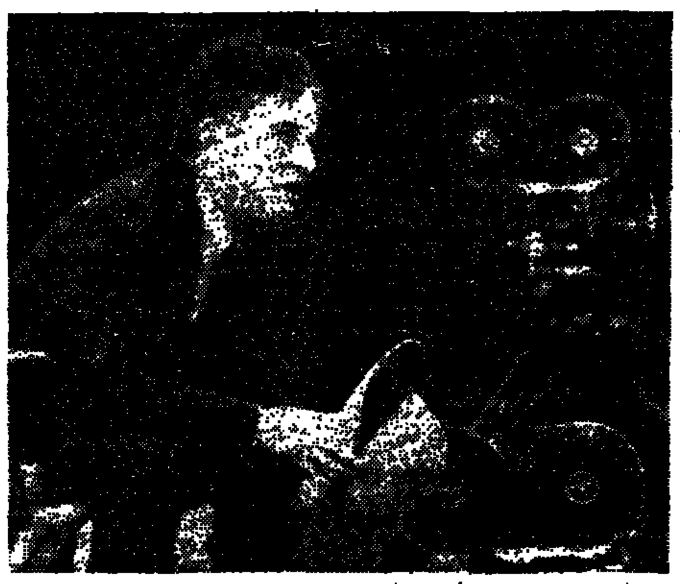
I find it hard to swallow hook, line and sniffle the director Robert Florey's "haunting" first memory of Chaplin as a waif-like figure seen walking alone one evening on Sunset Boulevard. This anecdote, which Robinson reprints in full, has everything from a cold December night, to a stray dog whom Chaplin befriends, to a dinner invitation casually, effulgently thrown out to Florey. *It's a scene that might* have been created by Chaplin himself, to the accompaniment of a surging violin theme.

In addition to giving other people's sentimentalities the nod, Robinson sometimes perpetrates his own. During the last dying week of Chaplin's mother in a California hospital, the star visited her every day and "forced himself to joke with her." Now where does Robinson get this Pagliacci touch from? Only, apparently, from a report that the day before she died, the nurses "heard them laughing together." The result is a piece of speculative editorialising, which helps to boost a view of Chaplin as Mr Wonderful off-screen as well as on.

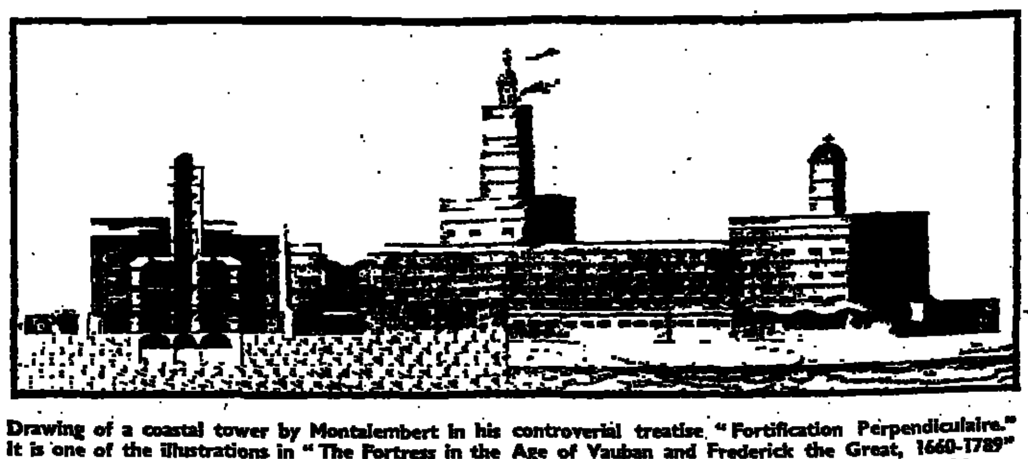
One resents such touches only because the standard of scholarship elsewhere is so high. The author gives chapter and verse for nearly all his sources, and he has left few VIP pals of Chaplin unturned and few collaborators' memories untapped.

There are funny or exotic passages from Chaplin's life which deserve and get the *fullest treatment*. Like the chance shipboard encounter with Jean Cocteau, with whom Chaplin shared two Pacific voyages (to Hong Kong and back). Neither agreed afterwards on how the journey went. Chaplin said he mostly avoided Cocteau, Cocteau claimed they became firm friends. And there is the wonderful tale of film studio secretary Nelly Bly Baker, who was given a small role in *A Woman of Paris*—as Edna Purviance's poker-faced *but gossip-imbibing masseuse*—and practically stole the movie. Here Robinson pins down precisely what made Chaplin, given the right player, brilliant as a director. Miss Baker, he writes, "as a perfect mimic, provided Chaplin with the acting material most ideal for his purposes: bodies through which he could convey his own performance."

Packed with pictures, many of which you've never seen before, and with generous appendices (notably on the "FBI v Chaplin," a mouth-watering trailer for the book on the subject Robinson is now contemplating), this biography should be given shelf-space by all Chaplin addicts. And even those who have reservations about Chaplin the artist and/or the man now have a fund of new facts to weigh into the battle with.



Chaplin on the set in the early silent days



Drawing of a coastal tower by Montalembert in his controverial treatise "Fortification Perpendiculaire." It is one of the illustrations in "The Fortress in the Age of Vauban and Frederick the Great, 1660-1789" by Christopher Duffy. This book is volume two in Mr Duffy's fascinating and well-researched history of siege warfare. It is published on Thursday (Routledge, £30.00)

Solzhenitsyn—a case of flawed greatness

BY ERIK DE MAUNY

Solzhenitsyn
by Michael Scammell. Hutchinson, £18.00. 1051 pages

It is inevitable that any biography of Alexander Solzhenitsyn is likely to arouse controversy, and Michael Scammell's weighty examination of the master's life and work is clearly *no exception to that rule. It is* also apparent from the opening chapter onwards that this is a major achievement, cool, deeply serious, and immensely detailed.

At the same time, despite all the diligent research behind it, this biography still provokes certain nagging doubts. To take Solzhenitsyn first: I do not think he can be placed on the same level as Tolstoy and Dostoevsky, with whom he has been compared, and, if he has won a secure place for himself in 20th century literature, that is partly for extra-literary reasons. He is a great writer, nonetheless, not least in his heroic effort to reveal the truth about the hideous sufferings inflicted on his country by the Communist regime, behind its habitual smoke-screen of lies and deceit.

The biography itself arouses other doubts, because of the peculiar circumstances of its composition. In the opening stages, the author was able freely to consult Solzhenitsyn, both by letter and during a week he spent at Solzhenitsyn's carefully guarded retreat in Vermont. But in 1979 that co-operation was suddenly withdrawn. Then, in 1982, Mr Scammell received word from Solzhenitsyn's first wife, Natdlia Reshetovskaya, in Moscow, that she had heard his book was in preparation and offering to help. She had already compiled her own account of her difficult relationship with Solzhenitsyn (they were married young, divorced while he was a political prisoner, and married a second *time when he was released from* exile), and she now produced a spate of new material. It has been suggested that she did so at the prompting of the KGB. In any case, it is inevitably from her vantage point that this sorry tale is told, right up to the final collapse of the marriage in a welter of recriminations, and Solzhenitsyn's marriage to his present wife, Natalia Svetlova.

This episode forms a central part of the biography, but it is not, of course, the whole of it, which is at its best in describing Solzhenitsyn's long struggle to find his true creative path. He had begun writing as a boy, and writing increasingly became the dominant passion in *his life. In adolescence*, he became an ardent Communist, and, given his general brilliance, could no doubt have aspired to a successful career in the party apparatus. Then came the war against Germany. Solzhenitsyn joined up, fought bravely, rose fairly swiftly to the rank of captain in the artillery, and then, almost light-heartedly, started a correspondence with an old school friend, also in the army, in which they both agreed that Stalin's Russia left much to be desired, and proposing a new "Leninist" programme of their own. The correspondence was discovered, Solzhenitsyn was arrested, and made his entry into the terrible world of the forced labour camps that he was later to describe in the *Gulag Archipelago*.

It was, however, *A Day in the Life of Ivan Denisovich*, written after his return from exile, that first brought him fame. Tvardovsky, the brilliant editor of *Novy Mir*, managed to get Khrushchev to sanction its publication, and Solzhenitsyn became a literary hero overnight. He did not allow it to go to his head. He preferred to remain in provincial obscurity in Ryazan, not only indefatigably amassing material for *Gulag*, but dreaming of a vast projected history of Russia in the First World War and the Revolution.

Gradually, however, Moscow exerted its pull, and he went there more and more often, making new friendships among the liberal intelligentsia, notably with Tvardovsky. This was a sometimes *stormy relationship*, which he later described in *The Oak and the Calf*. It provides a vivid portrait of literary Moscow, but he is less than generous to Tvardovsky, and in some ways it shows him at his worst: devious, sanctimonious, and fanatically self-centred.

On the other hand, without these very flaws, could he have achieved what he did in taking on the entire Soviet establishment? It is, at least, not surprising that, since his expulsion from the Soviet Union in 1974, he has taken an increasingly sombre view of the human condition, both in West and East alike. He has certainly never lacked courage, as I can vouch for personally, having talked with him in his wife's Moscow flat on the very eve of his arrest (he even recorded an unpublished section of the *Gulag* for transmission to the BBC): the streets outside were thick with KGB, but he showed all the *imperturbability of* a great wartime commander facing impossible odds.

Some readers may be put off by the sheer bulk of this biography. They should not be. It is a gripping picture, both of a prophetic figure and of the totalitarian society, which rejected him for telling the truth about it that it cannot bear to face.

Erik de Mauny was the BBC's Moscow Correspondent from 1963-66 and from 1972-74.

Fiction

Czech maestro

BY MARTIN SEYMOUR-SMITH

The Engineer of Human Souls
by Josef Skvorecky. Translated from the Czech by Paul Wilson. Chatto & Windus, £9.95. 571 pages

Other Women
by Lisa Alther. Viking, £7.95. 328 pages

The Governess
by Patricia Angadi. Gollancz, £8.95. 181 pages

Love is Not Love and Other Short Stories
by Brian Glanville. Blond, £8.95. 218 pages

Kissing America
by Brian Glanville. Blond, £8.95. 215 pages

Josef Skvorecky (now 61) is the most gifted of all the Czech writers who has chosen to leave the régime of the loathsome Soviet puppet Husak. Not that he was ever very welcome to his leaders (except in the short time of the Prague Spring). He made his name with *The Cowards* (1958), which was translated into English in 1970. This told the story of some "rootless bourgeois cosmopolitans" who disconcertingly for the Party become heroes in a local uprising against the Nazi occupiers.

He was always in trouble with the authorities, and although he left his country in 1968 *The Lion Cub*, an exposé in the form of a detective story of Stalinist (i.e. Husakian) methods in the publishing industry did appear there. But it was soon withdrawn. Influences on Skvorecky include Hemingway—who has been no more valuable to him than to *anyone ese—and, above all, his* own countrymen Hasek, author of *Schweik*. *The Engineer of Human Souls* shows both influences, but is very much Skvorecky's own. It mingles reminiscences of his Czech experiences with portraits of the Canada where he now lives: he has formed a publishing house for Czech emigrés, and is a professor at the University of Toronto. The translator has lived many years in Czechoslovakia, is now in Canada, and has done an excellent job on this major book by an author whose work he is used to putting into English.

This novel, which appeared in Czech in Canada in 1977, and in this translation there last year, is the author's longest and most complex novel; it is his best: humane, always satirical but affectionate, sparkling with lively intelligence and good will. He is one of the most independent-minded of *all* exiles from behind the Iron Curtain.

Skvorecky's Danny is in part himself: an exile from his country who finds himself a professor in Canada. He is a kind of intellectual Schweik, although far less ruthless than the good-natured (not good-hearted) sergeant. It is picaresque in form; the Western love affairs are handled over-sentimentally in the style of Hemingway; everything else is perfect. If you want to know about Czechs, Stalinism, the Germans as they behave when in occupation, Canadian culture, young students of the early 1970s, the hopelessness and the sheer stupidity of all ideologies; if you feel like affirming rather than denying in spite of everything; if you like laughing. . . .

Lisa Alther wrote *Kinflicks*, and is overrated. In that novel she created a "saucy sexy" girl, then for *Original Sins* she went to older people for her material. Now she gives us a heroine who has discovered that maturity is the "biggest problem yet." Miss Alther herself is 40; she has not given her new character many financial problems. *Other Women* is a tedious tale of a "journey through therapy." Caroline Kelly has "tried everything," and is currently living with another woman. This is a popular book, and I can think of many good popular books: Hardy, Conrad, Lawrence. But they became popular eventually. Their authors wrote because they had something they felt was important to say; but it was later generations, on the whole, who picked up the messages. This book appears to have been written for the popular market. It will be a huge success, although not among discerning readers.

Patricia Angadi is now 70, and *this is her first novel*. She married an Indian, and has spent her life involved with Indian politics and music. But she has always remembered a governess who lived with her family for 35 years. Based on *these memories*, she has written a convincing novel. *The Governess* contains a fine character portrait of an apparently affable and efficient woman who yet has something of the demonic about her. It is a pity perhaps that one of the characters is called Miles, because this reminds the reader that the author has memories of a certain book by Henry James as well as of her own childhood. But it is nonetheless an intelligent and notable début. Furthermore, the nature of what is "wrong" with Mabel Herring is very well handled.

Brian Glanville, a prolific writer of fiction as well as a deservedly famous sports writer, is a trifle unlucky not to have gained more credit for his lively, authentic stories. His use of dialogue was always expert, and his range very wide. These qualities are maintained in this new collection of stories, and a new novel. The novel is about two Americans living in Florence on the G.I. Bill of Rights in the early 1950s. The Florence of that period is vividly evoked, the story is simple and tender. The stories are lightweight but skilful and enjoyable.

Disputed territory

BY ANTHONY VERRIER

From Time Immemorial: The Origins of the Arab-Jewish Conflict over Palestine
by Joan Peters. Michael Joseph, £15. 601 pages.

Joan Peters is an American journalist and former White House consultant on the Middle East. She has now produced a vast book which, to traverse, the reader must be prepared for rather too much desert of repetitive assertion and too few oases of cogent argument. In effect we have two books: valuable material contesting Arab claims to Palestine — which Peters denies possessing an historically established identity; second, a tendentious account of Palestine under the League of Nations Mandate. Although the territory was ruled between 1920-48 by British officials actuated about equally by forebearance and foreboding, Peters would have us believe that Arab interests were favoured and Jewish ones denied.

The gravamen of this charge is that Jewish immigration was curtailed, but that Arabs from neighbouring territories were allowed to seep into the territory to seize power when the Mandate expired or was renounced by the British Government. Peters is partly driven to this interpretation of recent history by her exhaustive examination of past centuries and by an interesting—and original—attempt to compare Arab and Jewish population figures throughout the 19th century.

When Peters is providing historical data and relying on good primary sources like British consular reports she makes a telling case. If one reflects on this material, the only objective conclusion is that a Jewish identity was established in Palestine long before Muslim Arab occupation developed into permanent settlement.

Unfortunately, for those who want to see more light and less heat affecting the Palestine issue, Peters is also determined to show the perfidy of successive British governments during the Mandate and its immediate aftermath. In order to do this, she pursues an errant course. At one page we are in the Fifteenth (Christian) Century, on the next in the 1930s.

The effect of this attempt to *prove two cases almost simultaneously* is self-defeating, inducing a reaction of "a plague on both your houses." But a more serious criticism must be made of this important book. In recent years Arab writers *have made strenuous efforts to* discuss the Palestine issue in relatively moderate terms. Much of this welcome change may stem from Sadat's visit to Jerusalem in November 1977, but more is due to a belated realisation that an independent Arab Palestine will only emerge —from the Left Bank of the Jordan, and then only parts thereof—on a basis of give and take. Divisions with the Palestine Liberation Organisation also account for much of *this change, as do* covert contact between Arab and Israeli officials.

Now along comes Joan Peters and, in steam-hammer style, seeks to flatten this encouraging development. One doubts if *her book will be widely read in* the quarters to which it should be addressed, namely moderate Arab leadership.

Britain during the Mandate sought to maintain a balance because it viewed the territory in terms of strategic interest, not moral obligation. To Peters such a policy is perfidy—characteristic of Albion. But the fact, however regrettable in either practical or moral terms, is that Britain between 1915 and 1917 made no binding pledges regarding the future of Palestine to either Arab or Zionist interests. Perhaps Britain should have done so, but Mandate officials were not responsible for this refusal to make absolute commitments. They were given an impossible task, and should not be blamed for the consequences.

Close to a killer

BY ANTONY THORNCROFT

Killing for Company
by Brian Masters. Jonathan Cape, £10.95. 336 pages

In those sombre red volumes recounting notable British criminal trials there was always a passage following the account of the executions of the convicted murderer in which *the author concentrated on* the extent of their evil and how justly they deserved their fate.

In Brian Masters comparable report of the life and crimes of Dennis Nilsen, there is scarcely a hint of disapproval. The very detachment with which he describes the unthinkable—boiling down of heads in cooking-pots; the constant digging up of corpses and the placing of them in front of the television set to provide company: the necrophilia — [illegible]

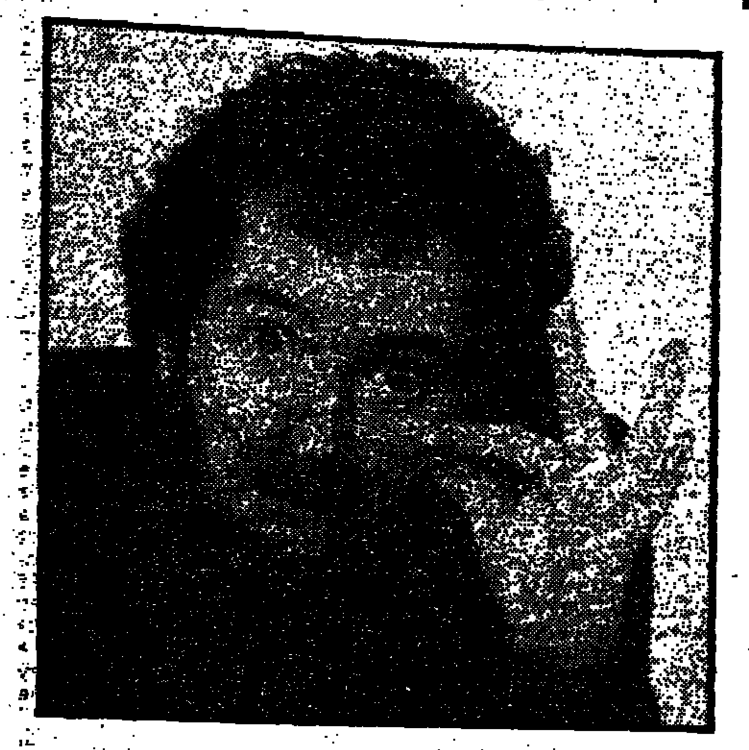
It seems wrong that a man who caused such suffering should be treated with the scientific detachment once given to a sheep with two heads.

Masters attempts to offer some explanation of Nilsen's behaviour in his childhood viewing of the body of his much-loved grandfather: he developed an obsession with male corpses. Nilsen seems very happy to analyse his own behaviour, keeping Masters busy with a constant flow of reminiscences; poems; drawings. He seems as surprised by his holocaust as the outside world. A study of this comprehensive and compelling account prompts at least one reader to suggest that Nilsen was a very, very, nasty man, needing a Calvinist minister in [illegible]

HOW TO SPEND IT

by Lucia van der Post

For your eyes only



Specs don't need to be dreary . . . you can look quizzical like Mrs T . . . or scholarly like Kenny Everett . . .

IT IS just 18 months since Steven Isaacs opened his first shop, For Eyes at 16, High Holborn, London WC1 and brought about a revolution in the way that spectacles are *bought and sold.*

If you were one of the 2 in 5 of the population who was wearing glasses at the time you'll remember only too *clearly what it was like. First,* you had to book an appointment with a qualified optician, which had all the overtones of a gloomy medical encounter. If you could only go in the lunch-hour you might have had to wait (as I did) at least a fortnight to be slotted in.

. . . or outrageous like Elton John . . .

. . . or theatrically over-the-top like Dame Edna

Once your eyes were tested the optician took you through the range of frames displayed around the shop. None of them was priced. Nobody discussed money. Nothing looked exciting. You hoped wildly that you weren't getting out of your depth and when more in despair than in rapture you finally settled on a frame that would "do" you had to wait another fortnight before they were ready.

Steven Isaacs changed all that. He made buying specs easy, fast, and above all, fun. Anybody can walk off the street into any one of the 11 branches of For Eyes he now owns and have the free eye examination by a qualified optician that we are all entitled to once a year under the NHS there and then. If you already have a pair of glasses and want another like it, you needn't even have another eye test—the glasses are simply slotted into a machine which analyses the prescription and lenses can be ground and fitted to match it on the spot.

Whether you decide to choose glasses or contact lenses you can nearly always be sure of walking out of the shop clutching your new set the very same day and usually it can all be done while you wait.

Steven Isaacs believes in making everything crystal clear to the customer. Large notices round the shop tell him everything he needs to know. Every frame on display has a price tag attached to it and this is the total price the customer will pay for the frame and for single vision plastic lenses and tinting.

The range of frames his shops stock is immense and so colourful as to make spectacle buying seem like an adventure. There is everything on display from the sedate and discreet to the outrageously diamanté bedecked. There are glasses for the blue-stocking set, frames for the extroverts, colourful ones if you want to match every outfit and the latest, most sought-after frames for the fashion-conscious (thin tortoise-shell frames, second from bottom in our sketch right, are currently very modish).

For those who like the confidence of big names there are designer ranges by houses like Dior, Nina Ricci, Porsche, Oliver Goldsmith or Versace.

Rayban glasses are still very popular and mirrored sunglasses are the coming thing for the summer.

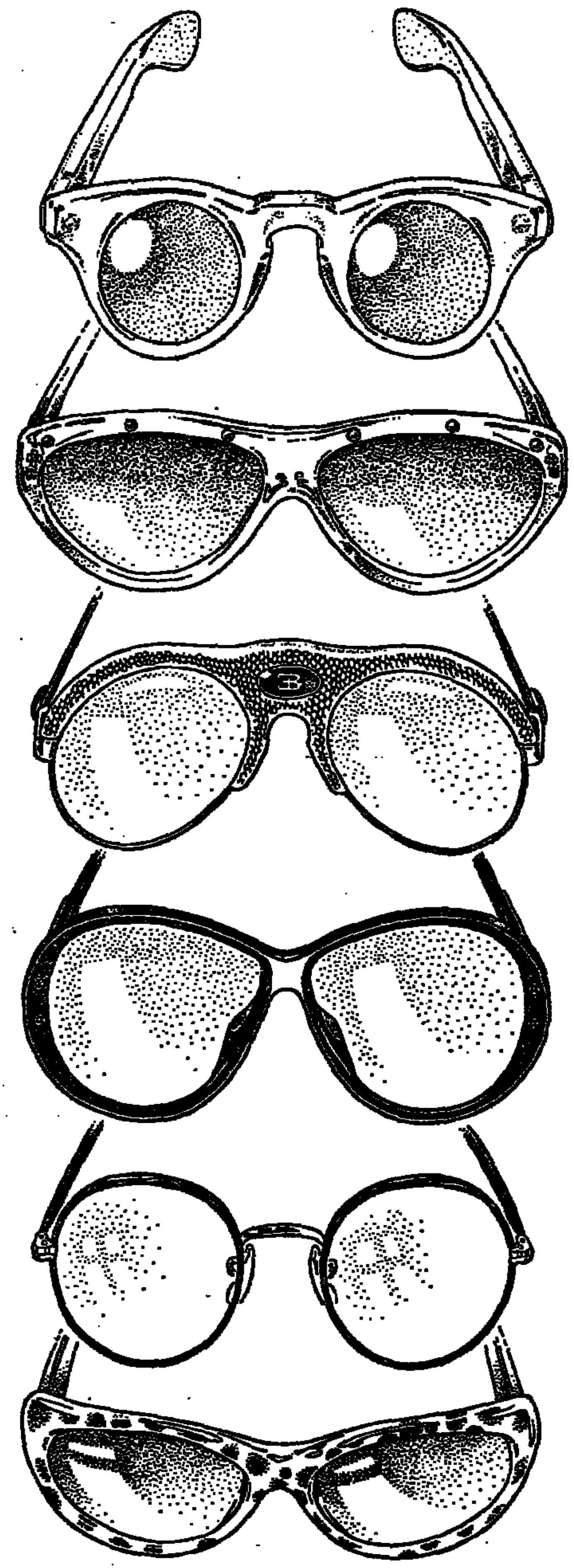
The public seems to have greeted Steven Isaacs arrival with something akin to rapture, with men as well as women treating the whole business of buying their specs as a much more confidence-boosting experience than ever it was before. Men, it seems, are becoming braver, buying more specs and becoming less shy about admitting that they too would like some flattering shapes and colours.

When from April 1st only children up to the age of 16 (or 19 if in full-time education) and those on supplementary benefit will be entitled to subsidised NHS glasses (moral: if you want a pair get them NOW) he sees a large sector of the spectacle-buying public being thrown on the the open market. Which is why this week he is raising more money on the Over The Counter Market to finance the opening of more For Eyes shops in the provinces.

That's all very well, I hear you say, but what about prices? Steven Isaacs claims that to begin with his prices were about 15 per cent to 20 per cent lower than his rivals but that since his arival they have droppeu their prices to match. Whereas most NHS specs seem to cost somewhere between £10.55 (the cheapest) and £30, For Eyes cheapest pair is £24.95 but most of the frames I would have liked were somewhere between £35 and £60.

Needless to say, his activities haven't endeared him to the optical establishment who are wont to wring their hands and winge on about the "commercialisation of optics."

If commercialisation means *that I can walk into a shop this* morning, have a proper, thoroughly professional eye test, and walk out with a pair of glasses or contact lenses the *same day, then I'm all for it.* As far as I'm concerned it's a big improvement on what went on before.



A selection of frames from For Eyes. *Listed* from top to bottom, prices for optical glasses include single vision lens and tinting, with the sunglasses prescription lenses are extra. Linda Farrow acetate sunglasses in a wide range of colours, including *fluorescent* pink. £22.50. Paola Bovesi sunglasses, again in many colours, £75. Bugatti racing sunglasses with leather look-alike trim, £145. Optyl frames by Christian *Dior*, £51. Thin wire-like tortoise-*shell coloured frames by* Anglo-American, £54.50. Leopard pattern sunglass frames by Oliver Goldsmith, £35.

For Eyes branches are at:

21 James Street, Covent Garden, London WC2. 32 St Annes Road, Harrow, Middlesex. 136 Sloane Street, Knightsbridge, London SW1. 82 Putney High Street, London SW15. 156 Salisbury House, London Wall, London EC2. 16 High Holborn, London WC1. 97a *Golders Green Road, London NW11.* 21 Cheapside, London EC2. 65 The Strand, London WC2. 39 Edgware Road, London W2. 15a Railway Street, Hertford, Herts.

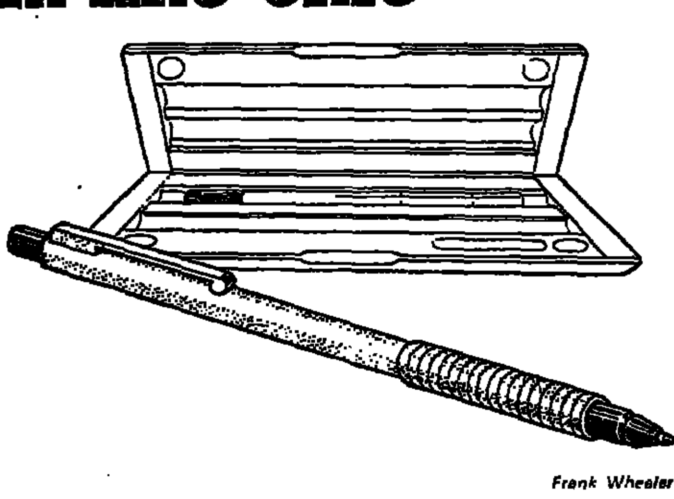
Scenes from City life

HARRIET BRIGDALE is an artist who seems to have a special following amongst city folk — her own whimsicle touch is no doubt a soothing antidote to worries about whether the pound is steady or the index is going up or down. She is probably most famous for her charming anthropomorphic animals, (I am particularly fond of her sheep myself) but no doubt to please her city fans there is now a series of elephant bankers, sheep clerks and bear stockbrokers all depicted going about their city business.

She works in miniature and the etchings reproduced here are tiny, measuring roughly some 2½ ins by 3 ins for the image alone. Graffiti, a gallery that specialises in miniatures, always has a large selection of Harriet Brigdale's work and city fans might like to know that Graffiti now has two branches — one at Blackman Harvey, the framers, at 29, Earlham Street, Covent Garden, London WC2 and another at 11, Mason's Avenue, Coleman Street, London EC2.

The two Brigdale etchings shown here are in palest pink, *grey and green* and "Buying and Selling" and "No Comment" are each £16.10p. Also in the series are "City Gent" and "For Someone Special" at £13.80 each. The gallery in Earlham Street is open from Monday to Friday 9 am to 6 pm and on Saturdays from 10 am to 4 pm, while the City branch is just open on Mondays to Fridays from 10 am to 5 pm.

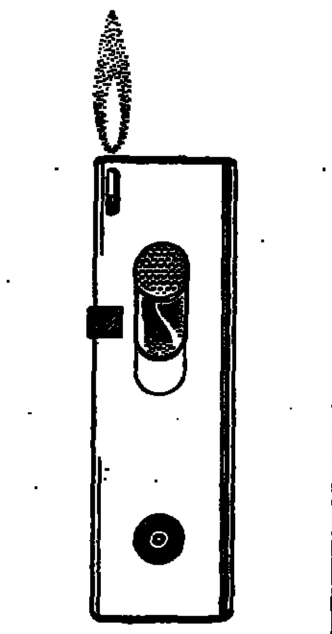
Slim-line chic



Frank Wheeler

Black, it seems, is beautiful. *A look around that immensely* chic establishment, Joseph pour la Maison, at 16, Sloane Street, London SW1 immediately reveals that of the select group of objects *that have passed* through the very discerning sieve of Joseph Ettedgui's taste, some 80 per cent are pure matt black (and if you're curious *about the rest, they tend to be* either transparent or chrome). Black, when fashioned so impeccably, when displayed in such a disciplined, ordered way, *makes gold and silver seem* flashy and out-of-date.

As much in love with pure matt black as Joseph Ettedgui is Ferdinand Porsche, a breakaway member of the car family who now runs the design studio that produces a steady flow of infinitely desirable and infinitely expensive "accessories." Part

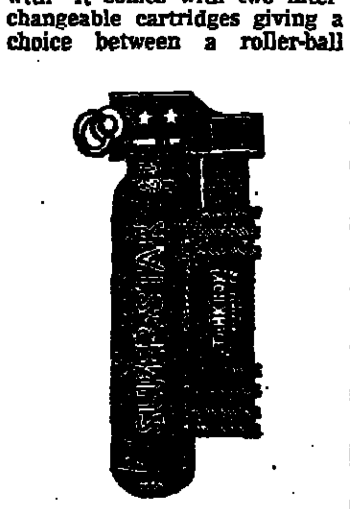


Frank Wheeler

of the Porsche philosophy is that everything it produces should be beyond fashion — it should have a rightness and a classicism about it that should last forever.

Certainly the two Porsche products sketched here, the titanium pen above right, and the lighter, above, are exemplary examples of the philosophy.

The pen, you will be happy to hear, is also a joy to write with—it comes with two interchangeable cartridges giving a choice between a roller-ball



Clare Brooks

point or a fine liner for exact lettering. It is £90.

The lighter, so slim and fine (just 5mm in depth) one wonders how it encases the necessary mechanics, is £75.

Both are sold from Porsche Design boutiques at Harvey Nichols and Harrods in London, *from leading jewellers and from* Porsche car centres throughout the UK.

Finally, a jokier variation on the matt back theme—the Tank *Boy* lighter with Super-Star written on the side, costs just £13 and is available from Astrohome, 47-49, Neal Street,

Philip Stevens

BRIDGE

E P C COTTER

IN TODAY'S two hands both declarers went down, because they failed to see *any way of* safeguarding their contracts. Here is the first hand from a rubber:

N
♠ J
♡ Q 10 8 4
♢ Q 10 2
♣ K Q 9 7 4

W
♠ 10 8 7 5 3
♡ 9 5 3
♢ 8 7 6 4
♣ 5

E
♠ K 6 4 2
♡ A J 6
♢ 9 3
♣ A 10 8 2

S
♠ A Q 9
♡ K 7 2
♢ A K J 5
♣ J 6 3

South dealt with *both sides* vulnerable, and bid one no trump, North introduced a Stayman two clubs, and learning from his partner's response of two diamonds that he had no four-card major, settled for a raise to three no trumps.

West led the spade five, covered by Knave, King and Ace—to hold up would be a *serious error.* At trick two South led the club three to the Queen and Ace. East returned the two of spades, South won, and proceeded to run off his minor suit winners, but be ended up one trick short of contract, as East still had the clubs held.

Expert technique lands the contract. At trick two South leads the *diamond* five to dummy's ten, and returns the four of clubs. If East plays his Ace, he gives declarer four tricks in the suit, so he ducks. When his Knave holds, the declarer crosses to the diamond Queen, and returns the four of hearts. Once again, East must duck—otherwise he gives away two tricks in the suit—*and* the King wins. Now declarer [illegible]

If West holds the club, Ace and wins, he cannot continue spades with advantage; if West wins with the heart Ace, and returns a heart, South takes with the Queen in dummy, and leads the club King, to set up *his ninth trick.*

N
♠ 10 8 7 3
♡ K 10 2
♢ Q 5
♣ A Q 10 3

W
♠ A 5
♡ J 8 7 4
♢ K 10 8 6 4 2
♣ 2

E
♠ K 4
♡ 9 6 5 3
♢ A J 9 7
♣ 7 6 5

S
♠ Q J 9 6 2
♡ A Q
♢ 3
♣ K J 9 8 4

South dealt with East-West vulnerable, and bid one club. West overcalled with one *diamond, North raised to three* clubs, East said three diamonds, and South rebid three spades. This was raised to four spades by North, and all passed.

West led the club two, an obvious singleton, taken with the *Ace,* and declarer returned a spade from the table. This was taken by the Ace, and West returned a diamond to his partner's Ace, and ruffed the club return. Then *the* spade King defeated the contract.

The declarer felt frustrated. He saw the impending ruff, but with no entry to dummy could not cash three hearts and discard his losing diamond.

South *could* have done the next best thing. At trick two *he should* cash the heart Ace, overtake the Queen with dummy's King, and return the ten, on which he discards his diamond three. As West has the Knave, he has to win the trick, and the defence can make just two trump tricks.

This play, originally called the Coup Without a Name, is *now known* as the Scissors Coup —it cuts the enemy lines of communication. Of course, if East holds the heart Knave, the coup fails. But it costs nothing [illegible]

POSTSCRIPT

RICKETY TABLES, unsafe *chairs and worm-eaten* sideboards don't induce gloom in Richard Holmes, says JUDY WHALE: he positively welomes them. He's a former architect who now repairs and restores furniture in Barnes, south-west London. He turned to professional woodworking *a few years* ago, and runs a one-man firm, Chair Man. As the name implies he specialises in chairs, but will happily accept other ailing pieces.

He deals mainly with antiques, but can also cope with more modern items, like Danish rosewood for example. He's gifted and *immensely* painstaking: he replaced the *crumbling* leg of an intricately carved Victorian footstool with such care that its owner, her friends and a carpenter were baffled — impossible to tell which was the new leg.

Mr Holmes's particular passion is veneer and marquetry work. This is exacting and time-consuming, so such repairs aren't cheap; but the results are worth the price.

One caveat: Richard Holmes points out that he's solely a woodworker and can't take on upholstery or caning.

Richard Holmes is at 1 Baronsmead Road, Barnes, London SW13, telephone 01-748 6816.

●

IF YOU would like a chance to see some of the best of current British fashion and to help the Save the Children Fund at the same time, then on *Thursday March 14*, there will be a unique opportunity to do both. Diana Brittan, wife of the Home Secretary, Leon Brittan, has helped chair the committee *which* is aiming both to boost British fashion and to help the fund.

On the evening of the 14th [illegible] tion in the Crypt of the Guildhall, followed by a fashion presentation in the Great Hall (in the presence of Princess Anne) followed by dinner at 9.30 pm in the Old Library. A few tickets for this event are still available at £50 a seat.

If £50 is more than you feel like spending there is a matinee dress rehearsal, also at the Guildhall at 3.30 pm for which the tickets are £10 each.

Tickets for either event can be obtained from Save the Children Fund, 17, Grove Lane, London SE5.

As to the *fashion*, what will be on show will be a range of top designer names like Jean Muir, Hardy Amies, Murray Arbed, Tom Gilbey, Paul Costelloe as well as clothes from such established retailers as Burberry, Acquascutum, Jaeger and Marks and Spencer. In other words, as Peter Randle, director of the British Knitting and Clothing Export Council put it, "what we will see in the fashion *show is* the core of the most effective exporters in this country."

●

THE WHOLE fashion in curtains and blinds has changed dramatically *in recent years* with houses that once sported restrained pelmets and curtains or clean, streamlined blinds now awash with ribbons and bows, with drapes and elaborate swags. Not surprisingly, all those who became *accustomed* to making up their own simple curtains and straight up-and-down blinds find themselves less adept when it comes to the newer *fashions.*

If you'd like to learn how to master these intricate matters and want to do it in your own [illegible] then a video film is the perfect answer.

Penny Broom, who owns a successful design and fabric boutique called Material Effects, began by offering to reveal all in a series of classes at her premises on Wandsworth Common, London SW17. These *were so successful and she had* so many requests from people who weren't within easy reach of London's SW17 that she decided to set about producing a video film.

There are now four VHS half-hour videos which tackle, respectively, interlined hand-headed French pleat curtains, festoon curtains (Austrian blinds), festoon blinds and *Roman blinds.*

Each film is £19.95 (including p+p) and they are available direct from Material Effects, 15, Bellevue Road, Wandsworth Common, London SW17.

●

READERS WHO are fond of Florentine and Bargello embroidery but aren't perhaps *as expert as they'd like to be,* might like to know about Jean Roberts' tapestry kits. Hers differ from others on the market in that one corner of the tapestry is fully worked by hand so that the whole design *becomes* infinitely *easier to* follow. As with most kits, everything is supplied from the canvas to the necessary wools and needle.

Those who are just beginners might like to start with one of *the smaller canvasses — something* about 6in square—while old-hands could tackle cushion covers, chair backs or seats.

Jean Roberts' starter kits are to be found in most good embroidery shops as well as in Peter Jones and some branches of the John Lewis Partnership.

THE ARTS

Berlin film festival/Nigel Andrews sums up

Britain lightens the gloom

Someone in the new Jean-Luc Godard film, *Je Vous Salue Marie*, says: "I've long since forgotten what an everyday conversation is like." The line instantly struck a chord all across Berlin, summing up the mood of intellectual cabin fever that takes over a film festival in second week. If you try to discuss the weather, food, football or politics, people gaze at you with a sightless, stricken stare as if you have gone off your rocker. The only permissible conversations are ones that begin, "Have you seen such-and-such?" or "What did you think of So-and-So's film?" or "Are they laying on an extra screening of the latest Duras/Tanner / Tarkovsky / Gogoberidze?"

This, alas, was a festival in which the hoped-for answer to the last question was usually "No." Though the Berlin fringe was as animated as ever, the main competition was comatose. Films like Gillian Armstrong's *Mrs Soffel* (Diane Keaton and Mel Gibson battling with unplayable dialogue and inky-dark visuals in a prison-break drama), Ian Pringle's *Wrong World* from Australia (drug addiction, *weltschmerz* and purple-prose narration Down Under), and an unspeakable battery of badness from Eastern Europe prompted the question: Does the Berlin selection committee *really* think these are the best films on offer? Or has everything else already been bagged by Cannes, for unveiling two months hence?

Amid the general devasation, Britain came up positively gleaming with its two official entries: David Hare's Golden Bear-winning *Wetherby* and Hugh Brody's *1919*. Hare's Yorkshire-set thriller of manners—like Agatha Christie with aphorisms and hidden depths—opens in London next week; more then.

Brody's chamber drama about two ex-patients of Freud (Maria Schell and Paul Scofield) meeting in Vienna 50 years after treatment is crabbed in style but crackling in content. Being a *British Film Institute Production Board* movie, its visuals have all the sensuality of a maiden aunt girding herself up for tea with the vicar (even the cut-in black-and-white newsreel-flurries of Europe in the teens seem academic rather than animating).

But Brody's flat-on staging does allow two superb performances to grow — Schell, wistful and astringent as she relives (in flashback) the anguish of her teenage lesbianism, Scofield alternately growling and puckish as the White Russian emigré whose incestuous love for his sister took him to the couch of Vienna's Incredible Shrink.

1919 plonks its camera down at the crossroads between world history and private passion. In Godard's *Je Vous Salue Marie*, it's modern love and biblical myth that criss-cross. Godard's 1980s-style Virgin Mary is a young girl (Myriem Roussel) who has never given herself to a man but is about to give birth to a child. Her fiancé, Joseph (Thierry Rode) is suspicious of the latter fact and glum about the former, at least where his own desires are concerned. The infant is finally born and, after growing up a bit, runs about saying things like "I shall call you Peter" (to a schoolmate) or "I must go and attend to my father's business" (to Joseph).

The French Catholic Church has gone hopping mad about this movie; not because it's an updated Nativity but because Godard has sprinkled it with frank language, colourfully disreputable characters (including a seedy "Uncle Gabriel") and a great deal of nudity. Even so, it is hardly likely to attract the raincoat clientele, being also Godardian in its brain-bending blend of elemental imagery (sun, sea, moon), symbolic montage, wildly dotty soundtrack (sudden growls of organ music, surges from a string quartet), and a fractured hide-and-seek narrative that you need a cup of black coffee and a wet towel to keep up with.

After only one viewing, the film is scarcely comprehensible: except as a "sacred love" counterpoint to Godard's profane-love tale in *Prénom Carmen*. Unlike many opaque directors, however, Godard's sheer fizz as a film-maker does encourage you to come back and search for more on a second or third viewing.

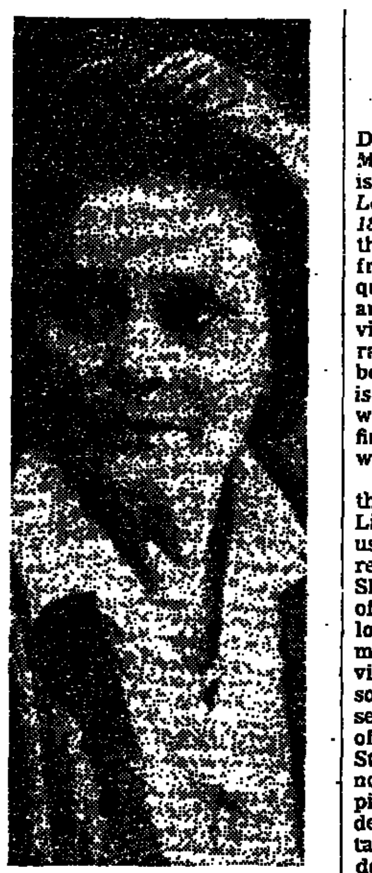
To turn from this to Bobby Roth's *Heartbreakers* is like having an all-expenses-paid holiday after a bout of overwork. We are in Los Angeles where the sun shines, the night life sparkles and navel-contemplators of the world unite. Struggling painter Peter Coyote and millionaire friend Nick Mancuso sashay through this hedonists' haven looking alternately for true love and base passion. Instead, they find icy nymphomaniacs (Carole Laure), Elaine May-type introverts ("When we make love, do we *communicate?*") and a world where success is as unpredictable in life as in love. (Coyote makes it big at the galleries with a new line in fetishistic nudes, Mancuso's family garment business totters into the red.)

The film bubbles with easy wit and bonhomie, even though the buddy-buddy flavour tends to turn all the women characters into conveniences or obstacles along the path of male pleasure. Would that Marguerite Duras's comic squib *Les Enfants* had half its vitality. The *doyenne* of French letters has here tried to cross-fertilise an absurdist conceit out of Ionesco (man of 40 thinks he's a child of 10 and so do his parents) with a deadpan-minimalist visual style out of Straub. But, as often happens with French letters, the fertilisation does not take place.

Best to veer away from the main competition's other failures of fertility, and home in on the ever-fecund fringe. Here, there were good documentaries (Edgardo Cozarinsky's *Jean Cocteau—Autoportrait d'un Inconnu* and Gyula Gazdag's *Group Excursion*, about Hungarian Auschwitz survivors revisiting the camp); lively shoestring features (Rufus Butler Seder's horror spoof *Screamplay*, Jacob Burckhardt's deadpan-comic crime yarn *It Don't Pay To Be An Honest Citizen*, with pop-up cameos from William Burroughs and Allen Ginsberg); and several wondrous movies that sidestepped category altogether.

Best among the last were Daniel Schmid's *Tosca's Kiss*, Derek Jarman's *The Angelic Conversation* and Robert Kramer's *Notre Nazi*. The first is a glorious plunge into the weird world of the "Casa Verdi," an Italian home for retired opera stars (bequeathed by the composer) where Schmid records the *sempre espressivo* transport of 70-year-old divas singing (or screeching) "Vissi d'Arte" and 80-year-old tenors brazening it out with "La Donna e mobile." *Magnificent.*

Jarman's film was funded by —Good Heavens!—the BFI Production Board, and, in this instance, I take back everything I said about maiden-aunt visuals. Male torsos shimmer across the screen in hazy, lyrical stop-motion; rocky landscapes blaze with sudden fire; the sea's surface flakes and shivers; and ever and anon Judi Dench's voice reads out one of Shakespeare's



Maria Schell . . . superb

sonnets, on whose "Angelic conversation" the film is based. *This is cinema-as-painting* — a guise we see it in far too seldom — and superbly achieved.

Robert Kramer's *Notre Nazi* is cinema-as-exposé. It's a film about the filming of a film; namely Thomas Harlan's *Wundkanal*, in which a real-life Nazi war criminal — Alfred Filbert — submits to a thinly fictionalised two-hour interrogation by director Harlan (son of Third Reich filmmaker Veit Harlan). Both movies were shown in Berlin, but Kramer's is far more effective. He captures not only the cold and leathery fear of Filbert, at bay amid the hot lights, but also the ambiguous motivation of Thomas Harlan himself — is he seeking justice or merely the vicarious exorcism of his own guilt about his father?

There were other vivid life-forms on the Berlin periphery: not least a giant Special Effects retrospective (from *King Kong* to *Darby O'Gill*, *Mary Poppins* to *Eraserhead*) and accompanying exhibition. All the festival now needs is to give the kiss of life to the main competition and Cannes will have to look to its palm trees, Venice to its gondolas.

Landscapes that capture a country's heart

Colin Amery reflects on a rich and subtle exhibition of British watercolours.

Until May 5, visitors to the Drawings Gallery of the British Museum are in for a treat that is both rich and subtle. *British Landscape Watercolours 1600-1860* is a superb exhibition of the art of the watercolourist from Hollar to Ruskin. The quality of the 195 paintings, and the sheer beauty of the views of Britain they portray, raises the question: Is it because the British countryside *is so varied and beautiful that* we have produced some of the finest landscape artists in the world?

In her introductory essay to the catalogue of this exhibition, Lindsay Stainton discusses in a useful way the problem of reconciling nature with art. She takes an historian's view of the problem, and her chronological account is a good summary of British theories of vision and landscape. But in some ways it is misleading to see this exhibition as a display of landscape art. As Miss Stainton points out in a footnote, nearly 85 per cent of the pictures in the show can be described as topographical. So, taking topography to mean the detailed delineation and/or description of a locality, we have at the British Museum a view of Britain from 1600 to 1860 that is both a record and a vision.

Hoefnagel's view of Nonsuch Palace, painted in 1568, is of vital documentary importance as a record of the English Fontainebleau — a palace that lasted only 150 years. This picture represents the aspect of topography that is concerned with a feeling for property and the making of accurate records of one's possessions. It has an added poignancy today because it is one of the few images of Henry VIII's built panoply.

There was a strictly practical purpose behind Wenceslaus Hollar's prospect of the fortifications of Tangier. Hollar was making a record of Tangier for the British Crown (it had been acquired as part of the dowry of Catherine of Braganza), but his work is never devoid of pictorial imagination.

When we come to the views of Georgian England, the painters of the townscape were likely to be influenced by Canaletto or some of the earlier Dutch painters — *marine* artists like van de Velde or painters of the Dutch towns like van de Hayden. William Scott's views of the Thames have that Dutch wateriness about them, with hulks of ships looming in the foreground. But they also are a glorious record of London of the 1760s.

The long view of St Paul, *from a point somewhere in the* middle of the Thames near the Temple, shows the then-new Blackfriars Bridge. This watercolour gives the most moving sense of the majesty of St Paul's cathedral seen, as we *have never seen it*, accompanied by a chorus of City spires, its dome rising to a crescendo of weightless form.

Thomas Sandby's architectural background (he was the Royal Academy's first *Professor* of Architecture) shows in the precision of line he applied to his views of London. *The Piazza, Covent Garden*, and *Beaufort Buildings, looking towards the Strand* are both full of architectural detail. The octagonal bollards and suspended lanterns in the arcades of the Piazza are telling points that could be useful to *those attempting* to "restore" the area today.

Francis Towne's work is a revelation. He was never really appreciated in his lifetime (1739-1816) but he anticipated the stylisation of forms that became so commonplace in the 20th century. To see him alongside his contemporaries also gives an important insight into the conventions of *the time* — by ignoring many of them, Towne made possible later experiments.

The hanging of this exhibition is so good; often it is possible to make comparisons under the gentle pressure of the selector. Thomas Malton's view of *St Lawrence Jewry and the Guildhall* (1783) seen alongside "Warwick" Smith's *Church of SS Trinitia dei Monti, Rome*, shows the limitations of a sometimes *oversimplified* architectural approach. Accuracy gains at the expense of atmosphere. Often, in the architectural works of the later 18th century you can smell the proximity of the engraver and print-maker, prompting a loss of subtlety.

Thomas Girtin's views of North Wales and Yorkshire are well known; but seeing them in their *historical context makes it* possible to realise how truly revolutionary this contemporary of Turner was. But it is the five studies and a pen and wash drawing of his panorama of London that are his most extraordinary achievement. Girtin exhibited an enormous panorama of London, the *Eidometropolis*, painted in oils and 108 ft long by 18 ft high. The oil version has vanished and these studies are all that remain of that extraordinarily atmospheric illusion of the city.

Cotman, Turner and Samuel Palmer are represented here by familiar, and sometimes favourite, works. The remarkable Lloyd Bequest to the British Museum of 1958 has *made it possible to see several* of the very best of Turner's *England and Wales* series, hung for the first time with a selection of the very best work of his contemporaries. Some of the grandest works of Peter de Wint, particularly the view of Lincoln, have the scale of Turner but never even aspire to the sublimity.

BBC steals a march on the National Theatre

RADIO

B. A. YOUNG

It was cute of Radio 3 to take Peter Tegel's translation of Alexander Vampilov's *The Duck Shoot*, which was commissioned by the National Theatre but isn't visibly scheduled yet. If it weren't Russian we'd write it down as lower middlebrow, but it's good to hear something of Russian boulevard-theatre besides Arbuzov.

Viktor Zilov (Gawn Grainger) is always on about his duck-shoot, but the likelihood of its happening is always put off by *his house-warming party*, his affair with a language student (Emily Morgan) the inaccuracy of his journalism, his father's death and his thwarted suicide after his wife Galina (Carole Boyd) has decided to leave him. Everyone is addressed by sundry nicknames, as Russians are, but the play and the translation are lucid and cheerful, except when dealing with such pathos as I've listed. David Spenser was the director. Vampilov was 30 when he wrote it, and died five years later.

Jobs and flats were treated almost casually in Vampilov's Marxist Russia. They're taken seriously in capitalist Glasgow. Ena Lamont Stewart's *Men Should Weep*, written in 1947 but dealing with life in a Glasgow slum in the '30s, is like a kick in the crotch, and yet there is no serious violence and *no* bad language. It is a picture of a home in a Glasgow close; *nine members of the family* crammed into a modicum of space, with the head of the family on casual work.

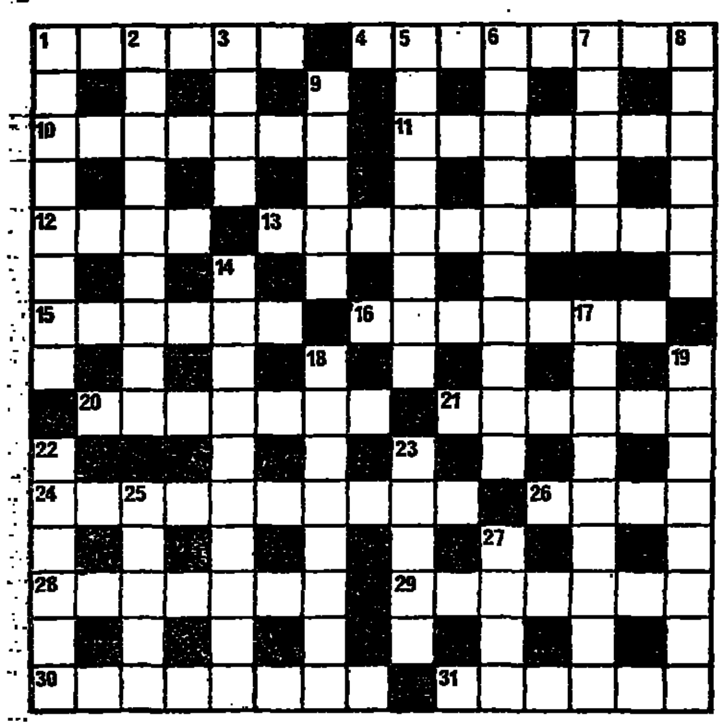
There is litle plot (daughter Jennie leaves to live in sin with a businessman, comes back with the money to get the family into a new home and is repulsed by her religious father) but it is not the plot that matters. It is *the sequence of everyday family* misfortunes — problems with the kids or the daughter-in-law or the sick baby — that piles into an unbearable mountain of misfortune. A grand cast, directed by James Runcie, is headed by Eileen McCallum and Roy Hanlon as father and mother. They all speak broad Glaswegian, yet were never difficult to understand. Really smashing, this.

Staying at the more serious end of the spectrum, I found Michael Charlton's conversation with Jan Nowak about the Warsaw uprising of 1944 of fascinating interest. (It was broadcast last year but I didn't catch it.) Nowak, never more than a *lieutenant*, *was* a courier commuting secretly between the Poles in Warsaw and the exile Polish headquarters in London. The Polish Home Army intended to take over the city between the German retreat and the Russian incursion but Stalin incomprehensibly suspended his promised help at the last minute.

One day, a Russian broadcast told the Poles the uprising was part of their duty; then, they would be told that the uprising was an irresponsible plan run by criminals. So the uprising took place without Russian help and when the city was decimated by the SS the Russians were able to move in with a minority Communist party surviving to help them.

More than almost any nation, the Poles revere honour and justice and this tragic business does them immense credit. Michael Charlton is easily the best serious interviewer the BBC has.

F.T. CROSSWORD PUZZLE No. 5,658



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

ACROSS

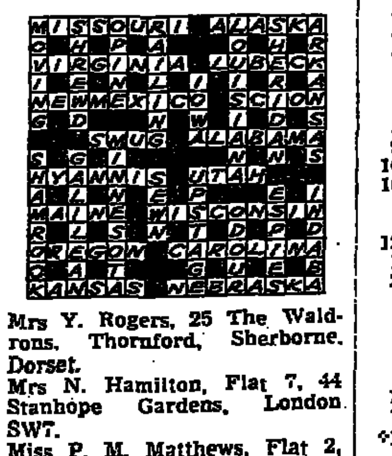
1 Large girl with two husbands? (6)
4 Did it on a bend, which is extra (8)
10 Cathartic medicine: beast of burden gets a look in (7)
11 Region for lad distorted in mentality (7)
12 Sort of board between barrels? (4)
13 Grasping article, not all of a piece, about the Channel Islands (10)
15 Burdensomeness of the wig? (6)
16 Almost paleface poet (7)
20 Pebbles on the beach (*English variety*) (7)
21 Outside a book, woman will develop (6)
24 Cry for aristocrat's blood? (4, 6)
26 Fish to clean for tea (4)
28 Turkish title of three letters, we hear (7)
29 Absence of mind means job will be available (7)
30 Guardian's role, to show disapproval of false eagle (8)
31 Writer or river or spring (6)

DOWN

1 Dorsal feathers yield to ultimatum (4, 4)
2 Writer or craftsman or slight little modification? (9)
3 Dual carriageway with tiny frozen hand? (4)
5 A month in a river to re-
6 Coward's present is significant (10)
7 State where I had a small house (5)
8 Mind us changing out of all our clothes? (6)
9 Note on "L'amour" that fits very well (5)
14 Extraordinary fellows first appearing in an antiseptic (10)
17 Cry at terminus or in 8 above? (3, 6)
18 Trifling, possibly, with affections? (8)
19 Light in Greek letter left as a give-away (8)
22 First two letters posted missing? (6)
23 Permission to go could be French (5)
25 A French seizure is improper (5)
27 Mark of Wilde's beheading? (4)

Solution to Puzzle No. 5,657

SOLUTION AND WINNERS OF PUZZLE NO. 5,652



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Mrs N. Hamilton, Flat 7, 44 Stanhope Gardens, London SW7.
Miss P. M. Matthews, Flat 2, 2 Mowbray Avenue, Exeter, Devon.
Dr I. M. Campbell, 18 St Chads View, Headingley, Leeds, Yorkshire.
Mr J. Walters, 24 Cedar Grove,

BBC 1

† Indicates programme in black and white

7.10-8.25 am Open University. 8.30 Roobarb. 8.35 Battle of the Planets. 9.00 Saturday Superstore. 12.12 pm Weather News.
12.15 Grandstand, including 12.50 News Summary; Football Focus with Bob Wilson; Racing from Newbury at 1.30, 2.00 and 2.30; Racing from Haydock Park at 1.45, 2.15 and 2.45; Rugby Union: Live coverage of Scotland v Wales at Murrayfield, followed by *highlights* of Ireland v France at Lansdowne Road; Final Score at 4.40.
5.05 News.
5.15 Regional variations.
5.20 Doctor Who.
6.05 Jim'll Fix It.
6.40 The Laughter Show.
7.15 One By One.
8.05 Dynasty.
8.55 News and Sport.
9.10 Miss Marple: A Murder Is Announced.
10.05 Match Of The Day Special.
11.10 "A Question Of Guilt," starring Tuesday Weld.

REGIONS

Wales—8.30-9.00 am Rugby Union: Try, Try Again. 5.15-5.20 pm Sports News Wales. 12.45-12.50 am News of Wales Headlines.

Scotland—5.15-5.20 pm Scoreboard with Dougie Donnelly. 10.05-11.10 Sportscene.

Northern Ireland—12.15-5.05 pm Grandstand, including Rugby Union: Live coverage of Ireland v France followed by highlights of Scotland v Wales from Edinburgh, and *4.55 Northern Ireland* results; 12.45-12.50 am Northern Ireland News Headlines.

England—5.15-5.20 pm London—Sport; South-West (Plymouth)—Spotlight Sport and News; All other English regions—Sport and Regional News.

BBC 2

6.25 am Open University.
†3.10 pm Saturday Cinema Double Bill: "Abe Lincoln In Illinois," starring Raymond Massey and Ruth Gordon, and at 4.55 "Who's Been Sleeping In My Bed?" starring Dean Martin and Elizabeth Montgomery.
6.35 The World Championship of Cricket: Coverage of England's third and last match v Pakistan from Melbourne.
7.25 News and Sport.
7.40 France Actuelle.
8.05 BBC Philharmonic Orchestra Anniversary. Edward Downes conducts the BBC Philharmonic in Peter Maxwell Davie's Third Symphony, and the composer talks to Michael Berkeley. Silvia Marcovici is the soloist in Tchaikovsky's Violin Concerto.
10.05 Blott On The Landscape.
11.00 Ballet Robotique. An intricately programmed performance in four movements, synchronised to music performed by *the Royal Philharmonic* Orchestra.
11.10-12.20 am Rugby Special: Highlights of today's international championship matches.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Cartoon Time. 9.35 Scooby Scrappy and Yabba Doo. 10.00 No 73. 11.20 Space 1999.
12.15 pm World Of Sport: 12.20 World Championship Boxing — Light-Heavyweight Championship of the World: Michael Spinks (U.S., holder) v David Sears (U.S.): 12.40 Athletics Round-Up: 12.45 News: 12.50 On The Ball: 1.20 World Cup Ski-ing from Furano, Japan: 1.40 Rallying—The National Breakdown Rally; 2.00 Snooker—Dulux British Open; 3.45 Half-Time Soccer Round-Up: 4.00 Snooker; 4.45 Results.
5.00 News.
5.05 Blockbusters.
5.35 The A-Team.
6.30 The Fame Game.
7.15 All Star Secrets.
7.45 T. J. Hooker.
8.45 The Price Is Right.
9.45 News and Sport.
10.00 Aspel and Company.
10.45 London News Headlines followed by Snooker—Dulux British Open.
12.30 am Magnum.
1.15 New From London: Thor.
2.10 Night Thoughts with the Rt Rev David Jenkins, Bishop of Durham.

CHANNEL 4

1.05 pm Everybody Here.
1.30 The Making Of Britain.
†1.55 "Viva Villa," starring Wallace Beery with Leo Carillo.
†4.00 "The Mantrap," starring Henry Stephenson.
5.05 Brookside.
6.00 The Other Side Of The Tracks.
7.30 Credo: Can Pope John Paul II Turn Back The Tide?
8.30 "As The Years Pass, As The Days Pass" (with English subtitles).
10.15 Hill Street Blues.
11.15 Chords Of Fame.
12.50 am Dadarama.

S4C WALES

1.55 pm A Question of Economics: Does the Decline in Manufacturing Matter? 2.25 Rygbi: Yr Alban v Cymru. 4.00 A Week in Politics. †4.45 Feature Film: "As You Desire Me," starring Greta Garbo, Erich Von Stroheim and Melvyn Douglas. 6.05 Where in the World? 6.30 The Avengers. 7.30 Newyddion (Welsh and world news). 7.45 Siôn A Siân. 8.15 Wedi Wyth. 8.45 Pedwar Ar Bedwar. 9.15 Y Maes Chwarae. 10.15 Supertroupers. 11.15 Feature Film: "This Is My Affair," starring Robert Taylor and Barbara Stanwyck.

IBA Regions as London except at the following times:—

ANGLIA

9.25 am Foghorn Leghorn. 11.20 Chips. 12.30 am At the End of the Day.

BORDER

9.25 am Cartoon Time. 1.20 Chips. 5.05 pm Cartoon Alphabet.

CENTRAL

9.25 am Adventures of the Blue Knight. 11.20 Chips. 5.05 pm Cartoon Alphabet.

CHANNEL

9.25 am Cartoon. 9.57 Puffin's Pla(i)ce. 11.20 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.10 Cartoon Alphabet.

GRAMPIAN

9.25 am Cartoon: Foghorn Leghorn. 11.20 Chips. 12.30 am Reflections.

GRANADA

9.25 am Cartoon Time (Foghorn Leghorn). 11.20 The Fall Guy. 5.05 pm Diff'rent Strokes. 12.30 am The Saturday Film: Paul Maxwel and Clare Owen in "Shadow Of Fear."

HTV

9.25 am Cartoon Time (Foghorn Leghorn). 11.20 The Little House on the Prairie. 12.13 pm HTV News. 5.05 Cartoon Alphabet.

TSW

9.25 am Cartoon (Roger Ramjet). 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Cartoon Alphabet. 12.30 am Postscript.

TVS

9.25 am Chimp and Zoo. 11.20 The Green Hornet. 1.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 12.35 am Company.

TYNE TEES

9.25 am Morning Glory. 11.20 Captain Scarlet and the Mysterons. 11.50 Batman. 12.13 pm North East News. 5.05 North East News. 5.07 Cartoon Alphabet. 12.30 am Poet's Corner.

ULSTER

9.25 am Cartoon. 11.20 Fireball XL5. 11.45 The Jacksons. 12.43 Lunchtime News. 4.55 Ulster Sports Results. 5.03 Ulster News. 5.05 Lakeland Games. 9.57 Ulster News. 12.25 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast, followed by Foghorn Leghorn. 11.20 The Adventurer. 11.50 Joanie Loves Chachi. 5.05 pm Cartoon Alphabet.

BBC RADIO 1

(S) = also VHF Stereo

8.00 am Peter Powell. 10.00 Dave Lee Travis. 1.00 pm Punk to Present (S). 2.00 Paul Gambaccini (S). 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Phil Kennedy. 9.30-12.00 am Dixie Peach.

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 *Sounds of the 60s* (S). 11.00 Album Time (S). 1.00 pm The Impressionists. 1.30 Sport on 2: Football Preview: Cricket: Reports from Australia on England's one-day match against Pakistan; Racing from Haydock Park at 2.15 The Timeform Steeplechase and 2.45; Rugby Union: Commentary on Ireland v France at Lansdowne Road and Scotland v Wales from Murrayfield; Football: Second-half commentary on one of today's top First Division matches; Athletics: Reports from [illegible] Racing Results; 5.55 Pools news and football results. 6.00 Folk on 2. 7.00 Beat the Record. 7.30 In Honour of St David (S). (8.20-8.40 During the interval Mari Griffith presents her "Welsh Tapestry"). 8.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steven Jones (S). 12.05 am Night Owls, *introduced by Dave Gelly* (S). 1.00 Peter Dickson presents Nightride (S). 3.00-4.00 Wally Whyton, introduces an All-Star Country Concert.

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.20 Prokofiev (S). 11.45 Bruckner (S). 1.00 pm News. 1.05 Smetana String Quartet (S). 2.00 Otto Klemperer (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Alban Berg Quartet, part 1: Mozart, Bartok (S). 7.20 Mirrors of Health and Sickness: Contemporary medical problems viewed in the mirror of history by Roy Porter in the second of three talks. 7.40 Alban Berg Quartet, part 2: Schubert. 8.15 A Schoenberg Concert: Berlin Radio S.O. and Gunter Reich (speaker) including "A Survivor from Warsaw," "Verklarte Nacht" and a first performance. 9.25 The Carpet (short story). 9.35 Czech piano music (S). 10.15 Byrd and Anthony Payne (S). 11.00 Norway after Grieg (S). 11.57-12.00 News.

Medium wave as vhf except 5.30-11.30 am Cricket: England v Pakistan —commentary from Melbourne.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.46 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. Peter Riddell, Political Editor of The Financial Times, reviews the past week. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News. Money Box. (Financial matters with Louise Botting). 12.27 pm Blandings (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Cardiff. 1.55 Shipping Forecast. 2.00 News: The Afternoon Play (S). 3.00 News: Funny You Should Sing That (S). 3.30 Married to Music. 4.15 With Empty Hands. 4.45 A Sideways Look at . . . by Anthony Smith. 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 In One Ear. 12.00-12.15 am News.

BBC RADIO LONDON

7.32 am Good Fishing. 8.04 London Weekend. 8.30 The Magic Carpet Company. 9.03 The Way It Was. 9.30 Corridors of Power: On the Rates. 10.02 All That Jazz, with Brian Priestley. 11.30 Jeff Young's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 6.00 Guidelines. 6.30 Big City. 7.30 Hold the Front Page. 8.00 Eastern Ear. 8.30 Good Fishing. 9.00 As Radio 1. 12.00-4.00 am As Radio 2.

LBC

7.00 am AM with Dianne Stradling. 10.00 Clive Bull's Fix-It Phone-In. 1.00 pm Time Off with Steve Crozier. 2.00 Sportswatch with Dave Brenner. 6.00 Six O'Clock News with Paul Woodley. 6.30 Carol Allen's Cinema Screen. 7.00 Geet Mala with Suresh Joshi. 9.00 Laurence Spicer's Sight Unseen. 9.30 The Orange and the Green: The first in a two-part programme that investigates the state of the Northern Ireland troubles. 10.00 Dan Damon's Nightline. 1.00 am Tara Jeffenes' Night Extra.

CHESS SOLUTIONS

Solution to Position No. 557
1 N-K7 ch, RxN; 2 Q-B8 ch, N-B1; 3 QxN ch, KxQ; 4 R-R8 mate.

Solution to Problem No. 557
1 R-B7, P-N6; 2 B-K4, K-R7;

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Ancient glass breaks the auction barriers

INVESTMENT IN ART

ANTONY THORNCROFT

THERE ARE still, thankfully, many sectors o ffhe fine art market where the specialist collector dominates and the hard-headed investor hesitates to infiltrate. One such is ancient glass. On Tuesday and Wednesday Christie's is selling the collection of glass assembled over the past 40 years by Ernest Kofler and his wife Marthe Truniger. The 348 lots represent the most comprehensive collection of ancient glass ever to appear on the market.

But the saleroom will be filled with informed experts, specialist dealers and museums. The clever men who follow the indices, and know that antiques will, in the main, sit this one *out*, bemused by the knowledge needed to purchase with confidence.

Christie's itself faced some problems. Most glass collectors buy later, European items. Could they be persuaded to expand into glass dating from the Egypt of the 14th century BC, only a hundred years or so after glass is reckoned to have first appeared in the Near East, and the succeeding 2,000 years? On the other hand would collectors of antiquities be interested in ancient glass?

To break down the barriers Christie's made a video, with a narration by Robert Powell, which it sent to their overseas offices and sold to dealers. The company hopes this will drive home the point that the Kofler-Truniger collection is unrivalled and full of desirable, and inexpensive, things.

The most costly item is likely to be a tiny cameo flask, 7.6 cm high, which was probably made in Alexandria at the time of Christ. It is in excellent condition, with white carvings of a naked boy and a pharoah over cobalt blue. It beautifully combines Hellenistic and Egyptian traditions. Yet it carries a top estimate of about £150,000, a pittance compared with prices paid for quite commonplace pictures.

The collection is particularly strong in Egyptian glass, from brightly coloured fragments,

Beaker, probably from Syria, 1st century AD

estimated at a few hundred pounds, to an inlay of a royal head in opaque turquoise of around 1400 BC, which could go for £40,000. Kofler paid less than £2,000 for it. Of the same period, and only slightly cheaper, will be a turquoise flask with yellow and white trails around it, 9.9cm high, which still contains some of the kohl that the original owner used to beautify her face. These are the oldest and finest pieces of glass ever to appear at auction.

Kofler was fortunate in building up his collection when it was still possible to buy in Egypt from traders with direct access to tomb raiders. Today the authorities attempt to prevent the indiscriminate export of antiquities. He also bought extensively from the collection of the Comtesse de Behague of Paris.

Only one lot is known to have passed through the auction room previously, an alabastron of around 550 BC of east Mediterranean origin, which was sold by Sotheby's in 1979 in the Constable-Maxwell sale, the only comparable collection to have come on to the market in recent years but concentrated on Roman glass. Then the 9.4 cm tall flask sold for £1,400; it is now estimated at up to £2,000. Just as Constable-Maxwell set new levels for Roman glass, with a record price of £500,000, Christie's hopes that Kofler-Truniger will do the same for Egyptian glass.

But the glass ranges across the Mediterranean world, tracing its progress westwards. There are some particularly fine and rare mosaic cups and dishes, probably made in Syria after 100 BC with price forecasts up to £40,000, and an impressive beaker, decorated with a snake thread, produced around Cologne about 250 AD carrying a £10,000 top estimate. There are also pieces from France and Italy.

The Koflers were energetic collectors and want to give a new generation of glass enthusiasts the chance to buy prized pieces rather than present their collection to a museum, the alternative solution to a life time's hunting.

Because this is not a speculative, or strong investment, sector of the art market Christie's is putting a cautious forecast of up to £1.5m on the sale. The strength of the dollar should encourage American buyers, and museums, and the Japanese might show again the interest in glass they revealed a decade ago. But the majority of bids should come from continentals. Unfortunately

Inlay royal head, ancient Egyptian, £20,000-£40,000

there is no Islamic glass to excite the Arabs but the fact that many items were made in Israel might encourage buyers from there.

The items in this sale are so rare that they are certain to hold their prices and appreciate. But it is their beauty and delicacy that attract collectors, not faith in their investment potential. It is strange — but good news for the average collector —that such beautiful objects should not be sought after by that (minority) of the rich who like to buy works of art.

Guide to fair deals

BOOK COLLECTING

WILLIAM ST. CLAIR

FOR THOSE of us who expect antiquarian books to be at least 100 years old, a visit to a country bookshop can nowadays be a disappointing experience. The old stuff is kept on a couple of inaccessible shelves high behind the proprietor's desk, too far away ror the titles to be read by the browser. You have to feel quite brave to ask him to move out of his chair and he then hoyers impatiently while you are expected to admire a few broken Victorian school prize bindings and some odd volumes of *Gil Las* and *The Rambler*.

The best way to see sizeable quantities of old books together is at the fairs which are now held regularly in many towns at the weekend. Several dozen booksellers each take a stall to which they bring a selection of their most interesting stock. The Provincial Booksellers' Fairs Association produces a calendar of its fairs for the whole year which is obtainable from 111, Park Road, New Barnet, Hertfordshire.

Some dealers do the rounds over a wide area and I have seen books which have been up and down the M4 more often than I have. But each fair has a local flavour, attracting dealers and people who work from home and who are not often seen elsewhere.

With so many dealers looking over one another's stock, the price structure when the doors open already reflects to some extent the expected balance of supply and demand. But fortunately for the collector the selling of old books does not approach the conditions of a perfect market so beloved by economists. With thousands of volumes on display there can be no simultaneous access.

Another obstacle to perfect information is the lighting. The designers of hotel ballrooms and provincial arts centres have appreciated that it would be too depressing to be able to see everything clearly, but they did not foresee all the uses to which the rooms would be put. Keen bibliophiles have feet like ballet dancers and necks like swans from long practice standing on tiptoe craning at dimly-lit shelves. One man to be seen at the fairs wears a large flashlight.

The main fairs in London normally take place in Bloomsbury, where on Sunday mornings you can find gangs of shivering unemployed tourists wandering about aimlessly waiting for the British Museum to open. The PBSA fair is held on the second weekend of every month at the Hotel Russell in Russell Square on Sunday afternoons and all day Monday. Another group of dealers now holds a rival fair on the same Mondays as PBSA at the Bedford Hotel in Southampton Row, a couple of hundred yards away.

These two organisations claim a certain exclusivity which you may or may not consider is reflected in the standard of the books. A different business approach is evident at the Bonnington Fair, arranged by the enterprising Barry Higgs at 7 Park Road, Totnes, Devon, which is held on the last Sunday of every month (except for June) in the Bonnington Hotel, also in Southampton Row, at the corner of Russell Square.

The Bonnington claims that prices range from 10p to £1,000 and there are items on offer which seem to me to be overpriced at the former figure. The point is that any book which may be saleable has a last chance to survive. Everyone is welcome, whether dealer or amateur, so if you have inherited a loft-full of mixed books from your great-aunt and you fancy yourself as a small businessman, you should rent a stall for the day from Mr Higgs and try your luck.

BOOK FAIRS IN MARCH

Saturday, March 2, Dartington Arts Centre (10-5); Stamford Arts Centre (10-5);
Saturday, March 9, Droitwich Heritage Centre (10.30-5).
Sunday and Monday, March 10 and 11; Hotel Russell, London, WC1 (1st day 2-7, second day 10.30-7).
Monday, March 11, Hotel Bedford, London, WC1 (10-6).
Monday and Tuesday, March 11 and 12, Scottish Centre, Edinburgh (1st day 12-8, 2nd day, 10-5).
Friday and Saturday, March 15 and 16, Queens Hall, Loughborough (1st day 12-8; 2nd day 10-5).
Saturday, March 23, Imperial Hotel, Exeter (10-6); Church House, Farnham (10-5); Blackfriars Hall, Norwich (10-5).
Sunday, March 24, Kings Head, Monmouth (10-5).
Wednesday, March 27, Fisher Hall, Cambridge (10-5).
Friday and Saturday, March 29 and 30, Royal Baths, Harrogate (1st day 2-8, 2nd day 10-5).
Sunday March 31, Hotel Bonnington, London WC1 (11-6).

More than a few ripples in the lake

WINE

EDMUND PENNING-ROWSELL

WE ARE all too aware that the European Community encompasses a physically hidden but financially all too obvious wine lake. It accounts for approaching one-fifth of total annual production in the member countries. The rivers of wine that flow into it come largely from Italy and France, although recently Germany has contributed a tributary. A good deal of steam is emitted from the lake as the wine is distilled (over 20m hl in 1983-84) into industrial alcohol, of which there appears no great shortage anyway.

But what is going to happen when Spain and Portugal join the Community next year? Soothing words may have been uttered recently by EEC ministers, and no doubt some phasing-in period will be provided in which the two newcomers will have limited access to the market. During this period it will be hoped that the two countries will modify and modernise their wine industries, and so improve them by reducing the vineyard area, and by raising quality to make them more attractive to consumers abroad, rather than raising the level of the wine lake. No doubt they will try to do this, and there is not much of a problem for Portugal.

Nevertheless, it is undeniable that the accession of these two countries will add to the Community's and perhaps the world's wine problems. Very useful, therefore, is Roger Voss's recently published survey, *The European Wine Industry*, published by the Economist Intelligence Unit, 85 pages. All the statistics quoted here are from his report.

Over-production is normally confined to Italy and France, the world's largest producers. It is easy to suggest that vines should be grubbed up on a large scale in the Midi and southern Italy and Sicily, and the EEC is doing its best in this way, but vines are often grown where no other crop is viable, so it is a socio-political problem as well as a wine one.

Unfortunately, world wine consumption is falling rather than rising; for the rise in the UK, northern Europe, some Third World countries and the U.S. has been more than offset by the drop in the two major producer countries.

In the Community, per capital consumption fell between 1979 and 1982 by 7 per cent and it is still falling. French consumption has dropped from 92 to 85 litres, and Italian from 88 to 83.

It is indeed on the performance of their exports that the producing countries must rely. We claret drinkers may buy and consume more from Bordeaux in the light of a good vintage, but one cannot expect the people of Tuscany to take in more Chianti after a good year. They are doing their bit already.

France leads the export field for quality wines; whereas a great deal of Italian wines are sold in bulk to France for blending in the Midi, and to the Soviet Union at very low prices. All eyes, including the Germans, are on North America, although their Euroblends of mainly Italian wine mixed with a little German, are likely to damage their reputation there as in the UK. The Italians' large total of 2.7m hl exported to the U.S. in 1982 — compared with France's 905,000 hl — is somewhat downgraded in quality owing to the predominance of Lambrusco. The Italian wine image is low in America; and in Britain it is too much regarded as a low-price quaffing wine.

Since it seems unlikely that in the reasonably near future world consumption can be increased to match production of around 350m hl a year, what can be done to reduce output while taking into account the considerable social implications?

Unfortunately France and Italy do not really agree on how to do this. *Vin de table* is the real problem, and the French believe in improving its quality, partly as *vin de pays*, partly by encouraging higher technical standards, largely through the co-operatives that can afford such equipment as stainless steel vats. They have succeeded in reducing the output of plain *vin de table* from 62 per cent of total production in 1973 to 44 per cent in 1983.

The AOC system of controlled production and yield is aimed at maintaining fairly stable output, but in itself does not. Nearly all Bordeaux appellations were allowed a rise in permitted yield from the 1983 vintage onwards. AOC stocks are rising, from 33 per cent of the total in 1973 to 46 per cent in 1983.

The Italians, whose DOC system on the French lines was introduced in 1965, take a more free-market view, and while working hard to improve quality, and supporting distillation of surpluses, tend to leave it all to the regions. High quality should lead to lower output, but so far there is no decline in land under vines; perhaps the reverse.

The encouraging side of the European wine industry position today for us consumers is that quality is definitely rising. Peasant-made red wines are growing less alcoholic and tough, dry white wines much fresher, especially in Italy.

Reduction of output seems a more intractable problem, which may well be increased by the accession of Spain and, to a lesser extent, Portugal. For while Spain has a vineyard area of 1.6m — 50 per cent more than Italy or France—its production is very small, about half the other two countries: a yield averaging less than 25 hl per ha, compared with France's 60 hl and Italy's 64-70 hl.

Improvements in Spain's viticulture and production yields are surely going to lead to a substantial increase in overall yield; and domestic consumption is going down there too—from 79 hl a head in 1979 to 54 in 1983. Nor is it certain that Spain's wine farmers will benefit from the opening of their market to wines from Italy and France.

Yields are very light too in Portugal's much smaller wine industry: less than 30 hl. They too might be encouraged to raise quality and output. Is there a possibility of another wine lake forming south of the Pyrenees?

CHESS

LEONARD BARDEN

AMEY ROADSTONE'S young masters weekend invitation, staged at the picturesque village of Westergate near the sponsor company's West Sussex base, is always an interesting fixture. The bait of a £1,000 first prize attracts many of Britain's leading players who have to contend with a small army of promising juniors all eager to scalp a big name.

On the whole, experience triumphs over youth at ARC, but upsets occur in individual games. Thus Dale James, 14, won the brilliancy prize for defeating a former Cambridge University and Hampshire No 1. White's opening looks anti-positional but once the attack gathers momentum Black's king becomes exposed to a combined force of queen, rook and a couple of weaving knights.

White: D. James. Black: M. Pagden. Pirc Defence (ARC Masters 1985).

1 P-K4, P-KN3; 2 P-Q4, B-N2; 3 P-KB4, P-QB4; 4 P-Q5, P-Q3; 5 N-KB3, N-KB3; 6 N-B3, 0-0; 7 B-Q3, N-R3; 8 BxN, PxB; 9 0-0, P-K3; 10 PxP, BxP; 11 P-B5, PxP; 12 PxP, BxBP; 13 B-N5, P-R3; 14 B-R4, Q-Q2; 15 BxN, BxB; 16 N-Q5.

White has gambitted a pawn, and voluntarily exchanged two bishops for two knights. It looks dubious, but once the knights gain entry squares the picture changes. Here Best seems 16...B-Q1, restricting White's KB3 knight and preparing for K-R2 and R-KN1 with counterplay.

16...B-N2? 17 N-R4, B-N5; 18 Q-Q2, P-B4; 19 QR-K1, QR-K1; 20 N-KN6, RxR; 21 RxR, R-K1; 22 N(5)-K7 ch, K-R2; 23 Q-Q5!

White abandons his wing strategy to effect as his centralised queen and rook envelop the black king.

23...B-R4; 24 Q-B7, P-Q4; 25 R-K6! P-Q5; 26 QxP, BxN; 27 QxB ch, K-R1; 28 QxR ch! QxQ; 29 N-N6 ch, QxN.

Black could already resign, but continues a few moves out of inertia and shock.

30 RxQ, P-QB5; 31 RxP, P-Q6; 32 PxP, PxP; 33 R-Q6, Resigns.

Final results at ARC were Johansen (Australia), Conquest, Hodgson and Speelman all 5/6, with Nigel Short and the Commonwealth champion Kevin Spraggett in a big group half a point behind.

A recent chess magazine article comparing old masters with contemporary players expressed the view that the moderns are overrated, citing as an example Spraggett's FIDE rating of 2560 which is on a par with Maroczy and Marshall in the mid-1920s.

In a 1926 tournament the two Ms both drew with Capablanca; could Spraggett have done as well? In fact the Canadian has some excellent results including his win at New York 1984 and this week's Commonwealth his own against the British GMs.

Spraggett's victory at ARC over one of the co-winners featured a fine tactical sequence; judge for yourself whether he should have got the brilliancy award.

White: D. Johansen (Australia). Black: K. Spraggett (Canada). King's Indian (ARC 1984).

1 P-Q4, N-KB3; 2 N-KB3, P-KN3; 3 P-B4, B-N2; 4 N-B3, 0-0; 5 P-K4, P-Q3; 6 B-K2, P-K4; 7 P-Q5, QN-Q2; 8 0-0, N-B4; 9 Q-B2, P-QR4; 10 B-N5, P-R3; 11 B-K3, P-N3; 12 N-Q2, B-N5; 13 P-B3, B-Q2; 14 KR-K1, N-R4; 15 P-QN3, N-B5; 16 B-B1, P-B4; 17 P-QR3, PxP; 18 N(3)xP, P-KN4; 19 P-QN4, NxN; 20 PxN, PxP; 21 PxP, RxR; 22 RxR, P-N5; 23 Q-Q1, P-R4; 24 P-B5, NPxP; 25 PxP, B-K1; 26 R-R7, B-N3; 27 Q-N3, Q-R5!

28 P-N3, N-R6 ch; 29 BxN, QxB; 30 Q-Q3, P-R5; 31 B-N5, R-B7!

Till here, a normal King's Indian where White invades the Q-side while Black generates counterplay on the other flank. White's attack has looked the stronger, but Black now conjures up a remarkable sacrifice.

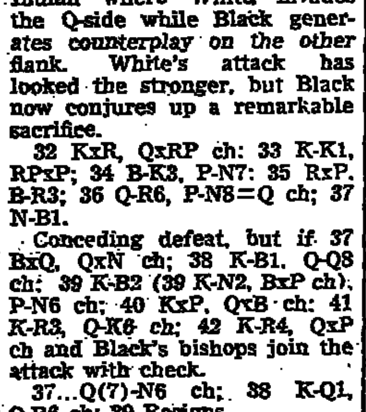
32 KxR, QxRP ch; 33 K-K1, RPxP; 34 B-K3, P-N7; 35 RxP, B-R3; 36 Q-R6, P-N8=Q ch; 37 N-B1.

Conceding defeat, but if 37 BxQ, QxN ch; 38 K-B1, Q-Q8 ch; 39 K-B2 (39 K-N2, BxP ch), P-N6 ch; 40 KxP, QxB ch; 41 K-R3, Q-K6 ch; 42 K-R4, QxP ch and Black's bishops join the attack with check.

37...Q(7)-N6 ch; 38 K-Q1, Q-B6 ch; 39 Resigns.

POSITION No. 557

BLACK (9 men)

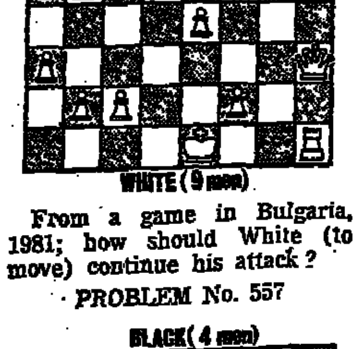


WHITE (9 men)

From a game in Bulgaria, 1981; how should White (to move) continue his attack?

PROBLEM No. 557

BLACK (4 men)



WHITE (10 men)

White mates in five moves, against any defence (by F. Kohnlein, 1907). Only a single line of play, but hard to find.

How the letter of the law was upheld

COLLECTING

JANET MARSH

IN 1844 the Post Office Commissioners decided to appoint an officer to supervise investigations into the growing number of thefts from the mails. It was, they agreed, "a duty not only unpopular but one for which it is very difficult to find an officer possessed of the necessary assets of zeal, tact, patience, coolness and decision."

Fortunately they found Walter Robinson Sculthorpe. For 15 years he was to prove indefatigable in the pursuit of crime, bringing to book no less than 202 cases. In his day he was a well-known London figure: his "detective acumen" even earned a mention in *Punch*. Yet this colourful forerunner of Sherlock Holmes might have remained quite forgotten but for the reappearance more than a century after his death, of his personal journal of adventures in the fight against crime.

Sculthorpe's journals turn up, rather unexpectedly, among the Penny Blacks and Cape Triangulars of a Sotheby postage stamp auction on March 14. They consist of two small octavo notebooks, neatly bound in leather. A manuscript title page announces "A list of Dishonest Persons detected in the London District Branch General Post Office since 1844 all of which Mr W. R. Sculthorpe has been more or less instrumental in apprehending."

The incidence of petty theft among letter carriers was hardly surprising. *Punch* published a ferocious satirical article suggesting that the job of the postman, with "walks" of 20 miles and more and wages of 11 shillings a week, might replace the treadmill as punishment for the worst sort of criminals. "As to the nuisance of having knaves and fools among our postmen, there is evidently no help for that but to raise the postmen's salaries.

Even the chaplain of Newgate, in a solemn moral tract, *A Double Knock at the Postman's Conscience* (given to every postman through the benevolence of the Duke of Argyll,) was forced to admit: "Small pay is no justification of dishonesty, but it may readily explain why some postmen fail in their duty . . . good wages ought to be given to take away even a ground of excuse, and all just cause of temptation."

The chaplain, just the same, attributed most of the crimes of letter-carriers to the vices of drink, gaming, extravagance, or irregularities with female society. "One wicked profligate was shewn . . . to have been improperly intimate with as many as 16 or 17 of these creatures." Small wonder if this fortunate fellow sought illicit ways to augment his meagre GPO income.

The two principal postal crimes were stealing valuable enclosures from letters, or peeling off the stamps. Sculthorpe's favourite method of entrapping offenders was to send test letters, with both the envelopes and the contents marked for subsequent identification.

In many cases these test letters were retrieved—sometimes from the fire—by Sculthorpe, and preserved in the journal alongside the newspaper reports and his own annotations.

He clearly enjoyed fabricating these fictitious letters: some are quite long and elaborate. "Dear Nurse Otway — knowing the interest you always felt for my dear child, I am sure you will be sorry to hear that my poor

Walter Scunthorpe

little pet is no more. He died last Monday in one of his fits as you had predicted . . . Charly has just got over an attack of Hooping Cough."

This letter contained a sum of money supposedly meant to buy mourning for the recipient. The trap worked, resulting in the ten-year transportation of a 60-year-old postal worker. Robbing the mails was a serious crime—it was only in 1836 that Lord Shaftesbury successfully introduced a bill abolishing the punishment of death in cases of letter stealing. Many of the wretches detected by Sculthorpe received even longer periods of transportation.

Sculthorpe's test letters were challenged in the courts in 1846, on the grounds that they were not genuine post letters and so could not invoke the penalties applied to mail robbery. In the event it was ruled that, once committed to the mails, they counted as regular post.

Sculthorpe was evidently not an unkindly man. In 1853 he apprehended one John Wharton. Taking into account the man's large family and extreme need, the judge gave a "lenient" sentence—a mere two years' hard labour. Subsequently Mrs Wharton wrote to Sculthorpe, pleading that she had no money to feed her children, who were sick. He sent her a sovereign—in a registered envelope.

Nor was he without humour. He recounts with gusto his investigations in a case of "unlawfully and without just cause detaining a certain cat." His report on the case of Mrs Wellington Boate is Dickensian.

Mrs Boate was a voluble Irish lady and self-styled authoress, inhabiting a malodorous room in St John's Wood with her husband ("the muscles of whose right eye were much distorted by his pertinacity in holding an eye-glass there"). "I was rather startled to find parties bearing such dignified names residing in such a dirty lodging house."

The Wellington Boates were convinced that their mails were being intercepted since the "indefatigable lady had forwarded numerous copies of her poems to the Nobility and not one remittance had been received in turn." They suspected a certain red-whiskered postman. When Mr Sculthorpe found that Mrs Wellington Boate had been exercising her literary skills in writing poison pen letters to the innocent Redbeard, he closed the case with a sharp threat of legal action.

The job had its dangers. The journal contains a drawing depicting an attempt upon Sculthorpe's life with a dagger, by a prisoner he had apprehended. Unfortunately there is no record of another accident he suffered, in the course of duty, in 1848, and whose permanent effects were to force his retirement 10 years later at the age of 53. "There is no officer in the Department" said the GPO solicitor at his going, in awed tribute, "by whom so many Delinquents have been detected and brought to justice."

Eight-day wonder

SOCCER

TREVOR BAILEY

WHATEVER ELSE can be said about English football, it is not predictable. Two years ago, Brighton put Liverpool out of the FA Cup at Anfield, later took them to a draw at Goldstone Road in a League match after leading 2-0 for three-quarters of the game, reached Wembley only to be beaten by Manchester United in a replay, and sank into the Second Division where they remain, ingloriously.

This year's League and Cup programme produces another Cinderella—Ipswich Town. They face the most demanding and important eight days in their history, starting with their League match against Chelsea at Portman Road today.

At the end of this period the club could be in the Milk Cup Final, the semi-final of the FA Cup and have earned two valuable points in their struggle to avoid relegation. Alternatively and rather more logically, their dreams of two Wembley appearances in one season could be over and they could be lying one from bottom in the First Division and heading for the Second.

Can Ipswich get t othe ball on time? Well, even teams with the class and the depth of Manchester United, Spurs and Liverpool would consider the programme daunting.

Bobby Ferguson's players have to beat Chelsea this afternoon, knock Sheffield Wednesday, currently performing with great spirit, out of the FA Cup on Monday, overcome Norwich in the away leg of the Milk Cup semi-final on Wednesday and then defeat Everton, the FA Cup holders, and probably the finest side in the land, at Goodison Park in Quarter Final next Saturday.

Fortunately for Ipswich, one of football's great attractions is its ability to destroy logic, which is underlined by their performances in both tournaments, which is in complete contrast to their indifferent form in the League. Even with a small squad and few top-quality players, they have a chance to spring a surprise.

Ipswich made the rise from the Third to the First Divisions quickly and have held their own with the big teams for many years. Their deserved success has stemmed from some exceptional managers who have maximised on the footballing talent at their disposal, and an enlightened board which has appreciated the need to live with their income.

Watching them in the first leg of the Milk Cup semi-final last Saturday, it was hard to understand why they are in the relegation zone. They not only looked superior to Norwich, but with better finiseheing they could have begun the second leg with a three, instead of merely a one goal advantage. Their inability to score sufficient goals helps to explain the lowly position in the League table, though young D'Avray showed considerable promise as a centreforward, while his partner up front, Gates, who was back after injury, might be even more effective if he spent a little less time protesting to the referee.

Reflections on that last furtive cigarette

HOW DID you spend your winter holiday? On the slopes of Val d'Isèr. Soaking up the sun in the Caribbean?

I spent mine giving up smoking. It was awful but highly educative. 'It's only when you make a determined attempt to stop that you appreciate the incredible tyranny of tobacco.

Of course I had heard the horror stories of others who had plucked up the courage to beat the addiction. In fact it was the obviously painful resolve of three close friends who stopped smoking on New Year's day that finally persuaded me to break the habit.

So as the textbooks advise, I chose a period when I could change my routine.

None of this, however, equipped me for the effect of denying myselft the 20 or 30 cigarettes I had smoked daily for the previous 15 years or so. [illegible] them the agonies and indignities involved in beating the dependency are scarcely credible.

The first few days without cigarettes are rather a blur now. I spent much of them half-asleep, the logic being that in that state the craving was not quite so acute. Sleeping also mitigated the rather odd and unpleasant symptoms of nicotine withdrawal.

There were also the occasional lapses at social functions, but by far the hardest moments were when I was sitting alone and a furtive smoke did not involve public humiliation.

Into the second week, my inability to focus on anything but the prospect of a cigarette demanded drastic action. A friendly doctor prescribed nicotine chewing gum. It is a disgusting idea and tastes horrible but at least it takes the [illegible]

The pay-off in terms of improved health, which is after all the only good reason for giving up smoking, is also a long time coming. I have spent the last four weeks with a hacking cough as my lungs begin to disgorge the accumulated tar. Doctors tell us it will take six months to a year before one actually begins to feel better. Unsympathetic friends add that it will take a great deal longer than that before the psychological grip of smoking is finally broken.

Back at the office I still find it impossible to resist the occasional temptation. I haven't yet slunk into the loo for a furtive smoke, but in desperate moments the thought has crossed my mind.

The craving is now occupying only around 70 per cent of my waking hours, a substantial advance on the first week or so.

But you cannot avoid walking past a tobacconist forever. On the first couple of occasions my resolve held but by about Day Four I found myself buying a packet of 10 cigarettes. The paradox of the equisite dizziness induced by the first cigarette and the self-disgust at giving in to the craving was resolved by throwing the rest of the packet away.

The process was repeated two or three times, but the indignities did not stop there. On about day Eight I found myself in the bar of a restaurant waiting for a friend and congratulating myself on two or three days cigarette-free existence, only to find that my neighbours had left a full packet on the bar after goin gto their table.

Yes, I stole one before handing the rest over to the waiter.

Philip Stevens

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Saturday March 2 1985

Contrariness of the bulls

TWO DAYS it seems, is a long time in the currency markets. On Wednesday the Bundesbank led a triumphant raid on the exchanges, hitting a dollar already weakened by Mr Paul Volcker's comments on intervention, and produced the quickest one-day fall in a major exchange rate ever seen. Yesterday the central banks tried to repeat the exercise; but they intervened when the dollar was being pushed up by the news of a rise in the forward indicators for the U.S. economy. The market, anxious to get back into dollars, gratefully gobbled up the cut-price supply, and then pushed the rate up. Altogether, a week which will be studied in future years wherever central bankers are trained.

Psychology

However, although the tactical lesson is useful both to currency managers and investors, who will note that a strong currency is vulnerable when the news is quiet, but not when it is favourable, the really interesting puzzles are the strategic ones: why is the dollar so strong, and why are central bankers so worried about it?

The answer to the first question will be understood more easily by alert investors, who have had to become familiar with the psychology of markets, than by international economists, who have practically disappeared behind the egg on their faces. The wise investors will remember the two contrarian rules of every bull market. The first is that a bull market is most vulnerable when everyone says it is going up further; and the second is that the mugs always buy at the top.

The reason why market sentiment points so consistently in a misleading direction, except in the short term, is simply that any general market sentiment is already discounted in the current price. Market sentiment tells you where you have been, not where you are going.

Stampede

This, however, is where the mugs come in. The sophisticates may warn you about market sentiment (though they tend to dress up the same statement more bafflingly as "efficient market theory"), but the mugs are not impressed. They live by the simple rule that a price which has been going up is strong; the further it rises, the more they are impressed by the profits they have already missed. In the end, they stampede in—and those who can keep their heads take their profits. That is why there is such a market for analysis of the market itself, where it is available. Are the small-lot buyers in? Failing that, what can the chartists detect about breakouts, support levels, and head-and-shoulder tops? (The dollar could be forming such a top at this moment.)

This is all familiar stuff to students of the equity markets; but you will not find it in the exchange rate text books. Students of exchange rates formed their theories in days when capital flows were controlled, movements were small, and current accounts near balance. It is only in the last decade that the exchange market has become another capital market.

This means not only that buyers of securities have now become exchange rate speculators in spite of themselves, introducing to the exchange markets the behaviour of stock markets, but that the ordinary transactors — the importers, exporters and the companies considering international acquistions—have had to take a view on exchange rates. It is not their business, and they tend to behave like mugs.

Specifically, two things seem to have been happening. Exporters to the U.S., who have routinely been selling their dollar revenues forward as insurance against a fall in the dollar, have found that with hindsight this was a mistake. On the same logic, to be sure, most fire insurance is a waste of money; but it is not a missed profit opportunity. This hedging damped the rise in the dollar, and thus prolonged it. Now that increasing numbers of companies are reportedly dropping the practice—in other words, like stock market mugs, try to make up for the profits they have missed—the dampers are off. Many fund managers, also mugs in this field, are making the same mistake. Hence the dollar bull market has accelerated towards its climax.

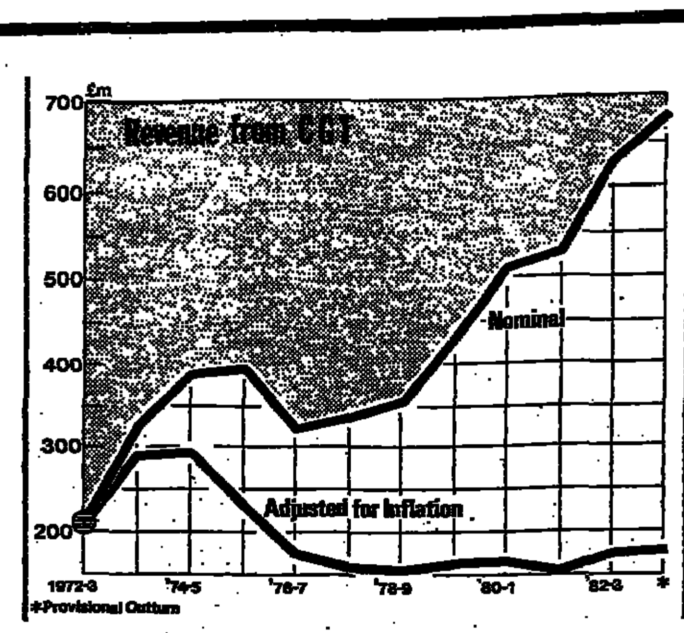
Bandwagon

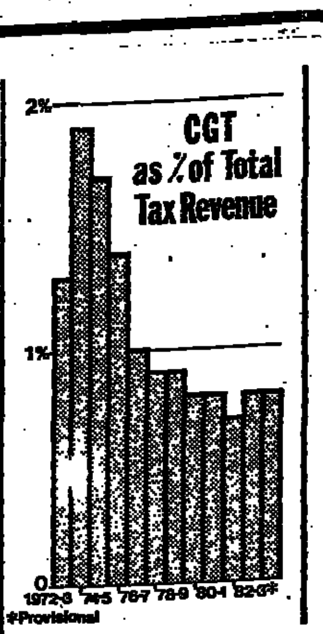
This scares central bankers for two reasons: the dollar might go up and stay up for quite a long time; or it might go up and then come crashing down. If it goes up and stays up the debt crisis will erupt again, the U.S. farm crisis will cause more hardship and possibly bank failures, and the U.S. Administration could be driven to protect its hard-pressed industries and wreck free trade. If it goes up and comes down, the stampede for the exits could be quite unmanageable. Much better stop the trend.

The trend rather than the level of the dollar is, or ought to be, the real point. So long as there are bad days to balance the good days, investors will be unlikely to see a bandwagon in progress. Traders will go on hedging, borrowers will be reluctant to swap their dollar debts for other currencies at what could be a very unfavourable moment, and any correction could remain manageable. The cannier professionals have already taken ringside seats for the struggle, liquidating their positions and trading minute to minute—and some commercial bankers were as smug on Wednesday as the central bankers. Only fools rush in where bankers fear to tread.

This measure will bring to an end the state of affairs in which hard work and great energy are fully taxed while the fruits of speculation and passive ownership escape untaxed . . . this is part of fair play between groups of taxpayers

JAMES CALLAGHAN
11 NOV., 1964





CAPITAL GAINS TAX REFORM

Not just as simple as it looks

By Clive Wolman, Personal Finance Correspondent

THE CHANCELLOR'S sudden move early on Thursday morning to close a £300m-a-year taxloophole, which permitted bond investors to convert income into capital gains, has raised speculation that he is preparing the ground to abolish capital gains tax in his Budget on March 19.

In last year's Budget speech, Mr Nigel Lawson said he hoped to tackle capital gains tax and its complexities next time round. He thus set himself an objective which all six predecessors have failed to achieve—sorting out the most legalistic and least cost-effective major tax in the Government's armoury.

Many believe that CGT could be simply abolished if the Government were able to introduce effective measures to stop the conversion of highly taxed income into lightly taxed capital gains. Thursday's move was designed to stop investors from selling Government securities and other bonds shortly before the payment of a dividend (taxable as income), after the price had risen in anticipation of the payment.

But Government officials have now made it clear that the tax will neither be abolished nor fundamentally changed, for example, to cover accrued income in line with Thursday's move.

That still leaves a variety of options for reform which could have a profound impact on the economy and the nation's savings and investment. But many of the reforms under consideration would throw up costs and distortions at least as serious as the present structure.

Mr James Callaghan, as Labour Chancellor, introduced CGT 20 years ago in an attempt to make speculators, property developers and well-advised financiers pay a fair share of tax on their profits. In practice, however, the yield from the tax has always been disappointing and until 1983 was falling steadily in real terms. Even this year, after three and a-half years of strong stock market gains, the total yield from taxing the gains of individuals will be only about £700m with another £300m coming from corporations.

More seriously, the 1982 inflation adjustment provisions, when they begin to bite, are expected to cut the yield by as much as 75 per cent, according to estimates of the Institute for Fiscal Studies, an independent think tank.

In almost every Budget since 1965, Chancellors have introduced new sets of amendments designed to make the tax bite more effectively or to remove the worst economic distortions, or both. By 1979, there were so many legislative refinements that they had to be consolidated into a separate Parliamentary Act of 160 clauses, eight schedules and 168 pages.

All the earlier amendments, however, were overshadowed by the partial indexation provisions introduced in 1982 which make allowance for inflation in limited circumstances. The requirement of this legislation to identify separate transactions has forced most individuals liable to a CGT assessment into the hands of their accountants and those accountants in turn into the hands of professional number-crunchers.

Mr John King, a former Inland Revenue economist now a researcher at the IFS, estimates that the ratio of the yield to the Government from capital gains tax to the costs of administration and compliance is already the lowest of any major tax.

The yield has been low primarily because of flaws in the structure of the tax and the mass of exemptions twhich the sophisticated taxpayer can exploit to create tax-deductible capital loses and defer the realisation of taxable gains.

The most audacious tax avoidance schemes marketed in the late 1970s by the Rossminster Group and other consultants, for example, hinged on their exploitation of capital gains tax exemptions. And nearly all the counter-attacks on tax avoidance, led by the Law Lords over the last four years, have been directed against capital gains tax schemes.

The avoidance of CGT has led to the most bizarre forms of behaviour becoming standard practice in London's financial markets. Stockbrokers have been sued by their clients for failing to follow in all the requisite detail such colourful rituals as bed-and-breakfasting. This involves selling shares late one evening and buying them back early the next morning (since 1982 after a weekend) in order to establish a capital gain or loss.

Insurance companies have introduced computerised monitoring systems to warn them when they have held a Government "gilt-edged" security for 364 days. If the holding then shows a capital loss they will sell it immediately and claim the loss as tax deductible. If it is showing a capital gain, they will hold on for two more days after which they can sell it tax-free.

More seriously, CGT has clogged up the UK stock market and slowed down the process of change. Investors, particularly insurance companies, have become unwilling to sell long lines of shares held for many years because they would face a massive CGT bill on the mainly inflationary gains they would realise.

The computer used by the Prudential Assurance's investment managers warns them of how much CGT they would have to pay every time they consider selling a share. "The administration is extremely complex and expensive and we end up paying no significant tax," says Mr Michael Newmarch, chief executive.

By discouraging sales of shares, the tax system has therefore helped preserve the independence of poorly-managed companies when fending off a take-over bid in defiance of market forces. For example, insurance companies have shareholdings in investment trusts worth about £4.5bn. If they liquidated these trusts, the underlying value of their assets would give them an immediate profit of about 33 per cent. However many of their holdings are so long-standing that the CGT charge would transform a potential profit into a real loss.

In view of distortions like these, several lobbies, such as the Institute of Directors, have been urging the Chancellor to abolish the tax and reminding him of his statement in last year's Budget that the tax system should not interfere with financial decisions.

But the Chancellor appears to have accepted the view that such a move would create more rather than fewer economic distortions and lead to more rather than less tax avoidance.

Thursday's crack-down on "bond washing" represented just the tip of the iceberg of the taxman's attempts to stop schemes to convert income into capital gains. The problem is that no Western tax system has come up with a satisfactory way of distinguishing between them.

In all the tens of millions of words of UK tax law, no definition is given of either term. Judges have been forced to grope for a distinction by resorting to metaphors about the growth of trees (capital gains) and fruit (income), which have brought little credit to our jurisprudence.

The avoidance of CGT has led to the most bizarre forms of behaviour becoming standard practice in the markets

These difficulties arise because the capital value of most assets, typically shares and bonds, represents no more and no less than the future stream of income they are expected to yield. If expectations of future dividend income from a share rise, so will the share price, creating a capital gain. If capital gains are tax free, the investor can sell immediately and pocket his gains intact. But if he waits for the expected income to arrive, the taxman will take his cut.

For the last 58 years, the Parliamentary draftsman has spilt more ink and the law courts wasted more time grappling with this form of tax avoidance than on any other fiscal matter.

Even at present, capital gains are taxed much more favourably than investment income. But the incentive to convert income into capital gains would be much stronger if CGT was abolished. Investors would flock to buy assets which facilitated such avoidance, thus creating further distortions.

In recognition of these effects, the Conservative Government first introduced a tax on short-term capital gains in 1962.

Most lobbyists have therefore been pressing the Government in their pre-Budget submissions to widen the exemptions from the tax rather than abolish it.

The Institute of Chartered Accountants has argued for a return to a tax on short-term capital gains only. The Association of Independent Businesses has proposed a gradual reduction or tapering in the tax rate, the longer an asset has been held. The Confederation of British Industry has proposed a CGT exemption for all assets held for over seven years. This would remove both the injustice of taxing the purely inflationary gains made in the 1970s and also the longer-term locking-in effect of CGT.

The tapering proposal, originally examined and rejected by the Inland Revenue in 1977, would solve one set of problems only to throw up another. The need to identify, for example, the dates on which shares in a pool were bought, would make tax computations as difficult as the current indexation provisions.

More importantly, such reforms could be only a one-off solution to the problems caused by the high inflation rates between 1972 and 1982. Over the last three years, most bond and equity investors have made substantial real capital gains in excess of inflation. There is no reason for exempting them from tax on these gains, if they hold their assets for seven years. Indeed there is no reason for giving fiscal encouragement to anyone to hold assets for seven years or for any other particular length of time.

A more justifiable way of allowing for past inflation would be to extend the indexation provisions right back to 1965 and to make them comprehensive. This would allow nominal gains to be converted into real capital losses offsettable against other real gains.

Comprehensive indexation would drastically simplify the computation of CGT by tax payers. It would equally drastically cut the yield to the Government from CGT, although the tax loss could be partially recovered by raising the rate from 30 to, say, 40 per cent.

The Inland Revenue has however consistently objected to allowing indexation for capital gains on assets held for less than a year. This, it believes, would lead to irresistible pressure to exempt from income tax that part of interest and dividend income which merely compensates for inflation.

If the Chancellor wished to allow for inflation but reduce the fiscal advantage given to capital gains over investment income, he could introduce further reforms similar to those proposed in the U.S. Treasury's Report on Tax Simplification and Reform published in November. This would require taxing a capital gain, after inflation adjustment, as part of the taxpayer's income in the year in which it was realised. Thus the tax rate on real capital gains would be 30 to 60 per cent depending on the taxpayer's marginal income tax rate.

This reform would still not achieve fiscal neutrality between capital gains and investment income, even if investment income were subject to tax only after inflation adjustment. The inequality arises because the taxpayer can defer paying capital agains tax until he sells the asset.

Thus a U.S. Treasury-style reform would do little to remove the locking-in effect of CGT. In theory, the simplest way of removing this distortion would be to tax capital gains as they accrue year by year, whether the asset is sold or not. This would be in line with the new provisions introduced on Thursday to stop bond washing.

There are two conventional objections to such a reform. Firstly, it would be too costly for an individual taxpayer to get, for example, his paintings and jewellery valued each year end. Secondly, it would often be difficult for him to raise the cash to pay the tax execpt by selling his assets.

But apart from private homes (which are exempt from CGT), the vast majority of the UK's wealth is held through pension funds, insurance companies, unit trusts, and other institutions.

It now appears, however, that such a radical reform has been ruled out, at least for this year's Budget.

Letters to the Editor

A reluctance to learn

From the Divisional Manager, Consultancy Services, F International.

Sir,—Your article on the Management Page of February 20 entitled "A reluctance to learn" gives a very good illustration of a certain malaise within British management. This malaise can be put down quite simply to management's unwillingness to devote any time to think about how new advances in technology can be used to gain a competitive edge.

Thousands of millions of pounds are being spent using high-technology to serve purely administrative needs. It is obvious that very few executives and senior managers have given any thought to how all that data which resides in their accounting, sales and production systems can be used to help them gain more business and assist in the overall achievement of corporate objectives.

An extremely useful analogy can be drawn between the managing of information and the managing of cash. Most of the enterprises which have survived the financial crises of the last decade will have clearly learned the lessons of good cash management. Most have yet to realise that poor information management can kill a company as surely as poor cash management.

Paul Whitmore,
Chesham House,
Church Lane,
Berkhamsted, Herts.

A serious matter

From Mr D. Brent

Sir,—In response to Mr D. Connold's letter (February 21) I am writing to express my preference for the straight glass which, being less heavy than a jug involves less effort in lifting it to the lips, thus enabling the drinker to expend his energies on the serious matter of enjoying the beer contained therein.

Where I do agree with Mr Connold is when ordering a half pint of beer, being asked "Is it for a lady?" and if it is, being given the equivalent of a half pint wine goblet. My wife couldn't care less what shape the glass is in such a case.

David R. Brent.
9 Dunoon Close,
Holmes Chapel,
Nr Crewe, Cheshire.

Supping ale

From Mr S. Bronkhurst

Sir,—I refer to Mr Conold's letter (February 26) regarding the "inquisition and hassle" we undergo when asking for a pint or half pint of beer.

When this question of glass shape is put to me I invariably reply by demanding a metal tankard, the way beer should be served.

Simon Bronkhurst,
Old Timbers,
The Pound,
Cookham, Berks.

Diesel engine economy

From the Technical Services Manager, Petrofina (U.K.).

Sir,—In his interesting letter (February 23) Mr S. Hoare quotes his excellent fuel consumption figures of 48 mpg but achieved under urban driving conditions which are more favourable to the diesel engine. On motorway-type driving, however, the diesel engine advantage is reduced to about 15 per cent on a volume basis versus an equivalent petrol engine.

We, however, operate a fleet of approximately 60 1600 cc petrol-engined cars and under mixed urban/motorway conditions the best of these achieve figures of around 43 mpg.

The specific fuel consumption of an engine is normally expressed in lbs/bhp hr (or its metric equivalent) and if we measure the weight of fuel consumed over a theoretical 20,000 miles of motoring Mr Hoare's 1600cc engine would consume 1625 kilos of fuel (density .86) whereas the best of our fleet would consume 1561 kilos of fuel (density .74) so that over this distance a 1600 cc modern petrol engine could actually consume less weight of fuel than a diesel. While we appreciate that the motorist buys by volume, oil is traded in tonnes!

Looking ahead, even with the possible penalty of catalytic converters, future petrol engines using updated technology and electronic engine management systems will continue to improve whereas the diesel engine has yet to be subjected to the same environmental pressure which has affected the petrol engine.

High-speed automotive diesels will almost certainly have to be fitted with particulate filter devices and incorporate exhaust gas recirculation to say nothing of the possibility of engine encapsulation already being proposed to meet the Swiss noise regulations. Add to this the anticipated reduction in ignition quality of diesel fuel caused by increasing the levels of crude oil conversion and the long-term popularity of the diesel engine for private cars as opposed to taxis, local delivery vehicles and heavy transport may be set for a decline in line with what has been happening in the USA.

In this context, we feel the Chancellor should consider taxing derv on a par with petrol on a weight basis, which means rather more per gallon, if we want to give the right signals to the consumer.

W. D. Davies,
1, Ashley Avenue,
Epsom, Surrey.

Joint ventures in housing

From Mr A. Phaure

Sir,—There is considerable concern amongst local authorities and the wider public that government constraints on the expenditure of funds generated from sales of council homes will artificially limit the number of new houses built in the public sector to (historically) very low levels in 1985 and perhaps also in 1986 even though, in fact, there is at least one way of circumventing these imposed constraints.

In recent years the practice of local authorities and private speculative housebuilders acting in "joint venture" has been growing. In such a venture the local authority provides land from its own land bank upon which the housebuilder builds houses for sale. The authority does not receive the agreed payment for the land until the house is sold which, by reducing the working capital requirements of the builder, encourages the builder to put up houses even in a period of high (real) interest rates. The advantage to the authority is that (i) it stipulates the sort of dwelling it wants built to be of greatest attraction to the people on its waiting list (ii) it stipulates that the people on its waiting lists must be offered first choice of these dwellings and, of especial relevance to the current government constraints, (iii) since the authority is spending none of its own money it does not infringe any of the capital expenditure constraints.

I do however accept, at the outset, that a large proportion of those on housing lists cannot be helped in this manner— but it is to be hoped, Sir, that political preoccupations will not be allowed to stand in the way of reducing housing lists where this is at all possible.

Angus Phaure,
Fielding, Newson-Smith and Co.,
31, Gresham Street, EC2.

Radiation and cancer

From Dr K. Little

Sir,—I find the letter on radiation and cancer (February 16) from the head of a department in a major teaching hospital (Dr J. E. Coggle) very worrying. He dismisses as "wholly incorrect" the work of a large number of reputable scientists. When I reviewed the available evidence at the Sizewell B inquiry no one was able, in cross-examination, to refute it.

Dr Coggle refers to studies in which curves have been extrapolated from the observed values, above the threshold dose levels, back to zero, in order to conform with what he describes as "consensus" views. This is not an acceptable scientific procedure.

When a proponent of these views was asked at the inquiry what steps he personally had taken to verify the concepts upon which he based his recommendations the answer was: "My personal steps have been to accept . . . the consensus as expressed by bodies such as UNSCEAR, the UN Scientific Committee on the Effects of Atomic Radiation."

This is not merely an academic dispute. The effect of accepting the "consensus" falsification would be that the cost of precautions taken against non-existent "dangers" would be thousands of millions of pounds — quite sufficient to price the British nuclear industry out of existence, and to leave its commercial rivals with a world monopoly.

(Dr) Kitty Little.
8, Olney Court,
Marlborough Road, Oxford.

State pension merits

From the General Secretary, General, Municipal, Boilermakers and Allied Trades Union

Sir,—John Kay (February 22) is right to call for "rational analysis" on the subject of pensions, but his letter is lacking both in factual accuracy and in logical cogency.

Contrary to his assertions the state pension scheme is quite good for low paid workers and very good for mobile workers. Its provision for inflation after retirement is as good as the Government will let it be. Most particularly, however, the state scheme gives real help to people with broken employment records. Without this sickness, unemployment and, above all, the caring responsibilities of women can become lifelong disasters. This is the only major advantage of SERPS which Michael Prowse did not mention in his excellent article (February 15) "The case for state pensions" but it is of central importance to many groups, including trade unions.

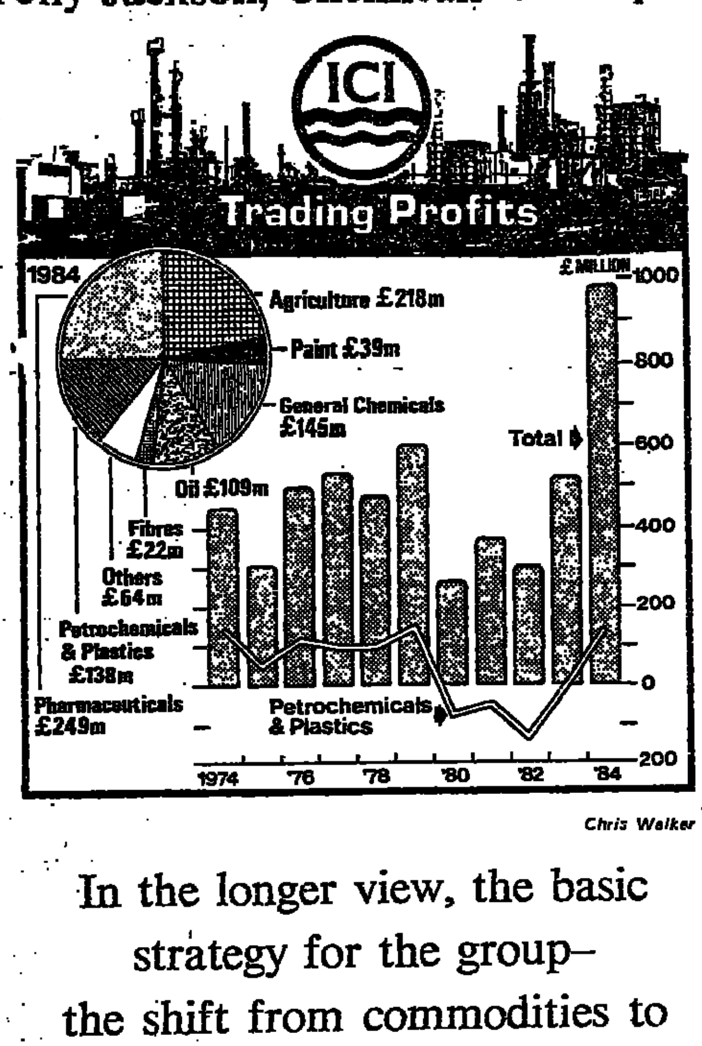
There is a place for both public and private pension provision, but in making comparisons they must be judged by the same standards. John Kay applies a severely practical test to the state scheme but in judging occupational pensions he is content with the vague abstraction "individual choice" as a justification. This consistently distorts his analysis.

David Basnett.
Thorne House,
Ruxley Ridge,
Claygate, Esher,
Surrey.

ICI THROUGH £1bn PROFITS BARRIER

Now the going gets harder

By Tony Jackson, Chemicals Correspondent



Chris Walker

ICI's breaching of the £1bn profits barrier, announced on Thursday, is a feat scarcely conceivable in 1982, when group performance was grovelling at a 10-year low. In just 24 months, pre-tax profits have quadrupled.

Though the speed to recovery owes something to luck, ICI can take credit for strategic judgment in the grim days of the early 1980s. From now on, though, the going gets harder. The cycle is at its peak, and the next couple of years will provide a stern test of the group's performance in its new, trimmer form.

For the stock market, with its memories of ICI's profits collapse in 1980-82, the chief question is: how robust the group will prove in the next downturn. For ICI, matters are more complex. The group must plan on two time scales—short term, for the next cycle, and more fundamentally again for the longer haul.

The cyclical effect cannot be ignored. The group's basic trading profit has shot up by £760m in two years. But of that, well over a third is accounted for by petrochemicals and plastics (P & P) division swinging from a near-£140m loss to an equivalent profit.

But for ICI, as for most of the world's big chemical companies, the longer haul is much more important. Industry jargon divides chemicals into two classes — commodity, or speciality. Commodity chemicals are sold on price, speciality chemicals on performance. Commodity chemicals are "bad," because they are cyclical

Planning for the next cycle, and for the long haul

and under threat from new low-cost producers, since they are technologically easy to make. Speciality chemicals—smaller in scale, with higher value-added — are correspondingly "good." The trick is to use the cash flow from the old commodities to propel the business into new specialities.

In ICI's case, the reality is more complex than for some of its competitors. The group's commodity businesses fall into two divisional categories—petrochemicals and plastics, and general chemicals. The latter are something of a mixed bag, but consist largely of basic inorganic chemicals like chlorine and soda ash, produced in colossal bulk in the group's old heartland, the Mond division in Cheshire. And to a surprising extent they are not cyclical.

On the speciality side, ICI has its glamour businesses, pharmaceuticals and plant protection, which have grown at a remarkable and almost uninterrupted rate for more than a decade. Even in the latest figures, despite the cyclical upswing in P & P, pharmaceuticals still contributed a quarter of group profit. There are also more tentative specalisations going on, in fields such as electronics and aerospace, often involving the blending of plastics and inorganic chemicals to provide new and different properties.

But though speciality or "effect" chemicals may be an unqualified good thing, it does not follow in ICI's case that commodities are all bad. In fact, there are grounds for seeing general chemicals as ICI's backbone, and to switch metaphors — its cash cow.

It is worth considering what happened to general chemicals in the slump of 1980-82. The Mond division's customers are themselves industrial companies, and in 1980 between 70 and 75 per cent of sales were in the UK. The destruction of large parts of the UK's industrial base had a correspondingly drastic effect; in mid-1980, the division's sales volume slumped by 25 per cent.

It has still not fully recovered and stands 5 per cent below its 1979 peak. But even at the worst, in 1982, general chemicals remained solidly in the black, to the tune of £60m at the trading level.

In petrochemicals and plastics, by contrast, markets were always more international, and less damage was suffered to the customer base. The division is also now selling 20 per cent more volume than at the 1979 peak, and prospering accordingly. But in 1982 P & P lost a horrible £140m.

Petrochemicals may also be a "bad" thing in the longer strategic view. The European petrochemicals industry is entering a new and possibly critical phase. In the first place, the explosive growth in plastics which characterised the 1960s and 1970s has gone, apparently for good. And second, new and challenging forces are entering the market.

> In the longer view, the basic strategy for the group–the shift from commodities to specialities–should prevail. But the future is a little murky since the big chemical companies are all searching for specialities

The growth numbers for world plastics are striking: until the first oil shock, there was 10 per cent growth in a bad year, 20 per cent in a good. In the 1970s, growth slipped to under 10 per cent at best. In the 1980s, growth of no more than 1-1½ per cent above GDP, or some 3-4 per cent in total, is as much as can be expected.

"Even so," says Tom Hutchinson, divisional chairman of P & P, "until 1980 we *never* had negative growth. And then the world fell off a cliff."

As ICI's figures bear out, the European industry has come back strongly since then, and left to itself would now settle down to dealing with its usual problems of overcapacity as the cycle turns down. But it is not going to be left to itself. Large scale, low cost Saudi Arabian production of petrochemicals is starting to hit the European market, and other developing countries—Turkey, the Philippines—are following suit.

On a short, cyclical view, the threat is a minor one. Saudi output, though unbeatable on cost, will add only some 5 per cent to world capacity. Other new producers will add a few more per cent on top. These are small sums by comparison with overcapacity which still exists within the European industry itself, despite the closures in the downswing of the early 1980s.

On the longer view, though, the threat is rather different. The manufacture of bulk petrochemicals is technologically basic. Developing countries may or may not have a cost edge over Europe, but they do need to develop an industrial base and to create added value. In pursuit of that, they may be prepared to accept margins which in European terms would in the long term represent an unrealistic return on capital.

This would call for a phased withdrawal by the Europeans. But that is made more difficult by a disease which plagues large parts of the chemicals industry —gigantism, or the urge to be big regardless of profit.

ICI is less prone to this than it used to be. In P & P, says Tom Hutchinson, "we've decided that we wouldn't always want to have the capacity to cope with the cyclical peaks—we would prefer to trade. That's a complete change in philosophy."

However, ICI's decision to swap its polyethylene interests for PVC three years ago, for instance, raises several questions. The move had commercial logic, certainly; the Saudis are not a threat in PVC—directly at least—and ICI has the advantage of huge supplies of salt (which is electrolysed into chlorine, which then goes into PVC).

The fact remains, though, that with 11 per cent of world PVC production, ICI is even now—at the peak of the cycle —making only marginal profits on its manufacture. There remains the suspicion that the pride of size came into the decision: that after the virtual abandonment of big products like polyethylene and ethylene glycol, the line had to be drawn somewhere.

In the longer view, though, the basic strategy for the group —the shift from commodities to specialities—should prevail. General chemicals remain as a useful generator of cash, and it seems logical that the group's involvement in bulk petrochemicals should dwindle further.

This leaves the question of the speciality areas into which the group is to move. In pharmaceuticals and agrochemicals —the two established growth specialities—the outlook is fairly encouraging. In pharmaceuticals, much of the growth to date has rested on the enormous success of one product, the heart drug Tenormin. This will create a problem for the late 1980s, but the group has some new products, across a fair range of therapeutical areas, to take Tenormin's place.

In pesticides and herbicides, the market has always been very competitive. The key, though, lies in successful innovation. ICI's record here is excellent, and likely to stay that way.

Outside of those two large growth areas, the prospects for specialism are more fragmented. There is some growth to come in paints, particularly in water-based paints for the car industry. In advanced composite materials — carbon fibre products, and the like — the group's position has been much strengthened by the Beatrice acquisition in the U.S.

That apart, the future is a

A good record for punching its weight around the world

little murky, particularly since the big chemical companies around the world are all searching for speciality products at the same time.

But ICI has a good record for punching its weight in the world industry. It is worth reflecting just how unlikely it is that the group should exist in its present form; based in the UK, operating in a century-old industry, and still among the world's largest.

The Americans have the advantage of a huge home market, and the Germans have an unrivalled tradition of academic research and training in chemicals. ICI has neither—nor does it have the base of the British Empire which supported it inthe old days—but it still hangs on. It is a remarkable record of survival, and one which looks like continuing.

Queensland dispute

Power politics Down Under

By Michael Thompson-Noel in Sydney

THE QUEENSLAND power dispute, which recently blacked out Australia's Sunshine State, has eased temporarily. But further thunder of recrimination roils on, indicating a possibly bleak future for industrial relations in resource-rich Queensland plus potential headaches for Mr Bob Hawke's federal Labor Government in Canberra.

As always, the man at the centre of the turmoil was Queensland's eccentric Premier, Sir Joh Bjelke-Petersen, now 74, who rules his domain—and his National Party cabinet—with a rod of iron.

In Sir Joh's view his confrontation with the states electricity workers earlier this month was a necessary battle against "union law-breakers," hell-bent on "industrial thuggery."

The cost of the dispute, says Sir Joh, was more than A$600m (£396m) plus 6,000 lost jobs and a swathe of bankruptcies.

"There were threats to kill me," claims the Premier. "They don't worry me. But the scum that the Opposition apparently support also threatened to kill my grandchildren, to blow up my home, to blow up my office."

A radically different version of events is offered by Mr Neville Warburton, a former assistant secretary of the Electrical Trades Union (ETU) and now leader of the Queensland Labor Party.

In Mr Warburton's view Sir Joh's handling of the power crisis demonstrated a willingness to "ransom the already shaky economy of Queensland in a bloody-minded attempt to destroy a free trade union movement."

At present, the lights are on in Queensland, and power is flowing. But key sectors like the coal industry were idle until Thursday.

The move that sparked the latest dispute in Queensland's power industry was a bid by the South-East Queensland Electricity Board (SEQEB) to utilise contract (outside) labour during peak periods as a cost-saving measure. The ETU was guaranteed full consultation, security of employment, and no forced sackings.

On February 7, a state of emergency was declared. Four days later 900 striking ETU workers were dismissed, prompting the power station operators to cut output by 50 per cent, necessitating strict rationing and taking Queensland—says Sir Joh—"to the very brink of union anarchy."

At the height of the dispute, the trade union movement in Queensland tried to isolate the State Government. Oil for Parliament House was cut off, as was fuel for government aircraft, liquor supplies for government departments, and some postal and phone services. Thousands of workers in other industries were affected—the only consolation being that Queensland was sweltering in sultry summer weather.

Unscathed, Sir Joh at one point challenged all trade unions to strike: "Let's get them all out. Let's get it to a good boil. The unions will be done over like a dinner."

Power was finally restored on February 22 when Sir Joh offered to take the 900 sacked Seqeb workers back, provided they signed a no-strike agreement.

Has Sir Joh won the day with his carrot and bludgeon? Has he curbed the power of greedy trade unions? Or is Mr Warburton right when he says that Sir Joh and his right-wing regime are playing politics while the economy flounders—with business and industry squashed in between?

The cost has been great.

Coal losses so far total more than A$120m with Australia's reputation as an unreliable supplier once more confirmed. Major resource companies like MIM Holdings whose coalfields and copper mine were brought to a standstill have suffered badly.

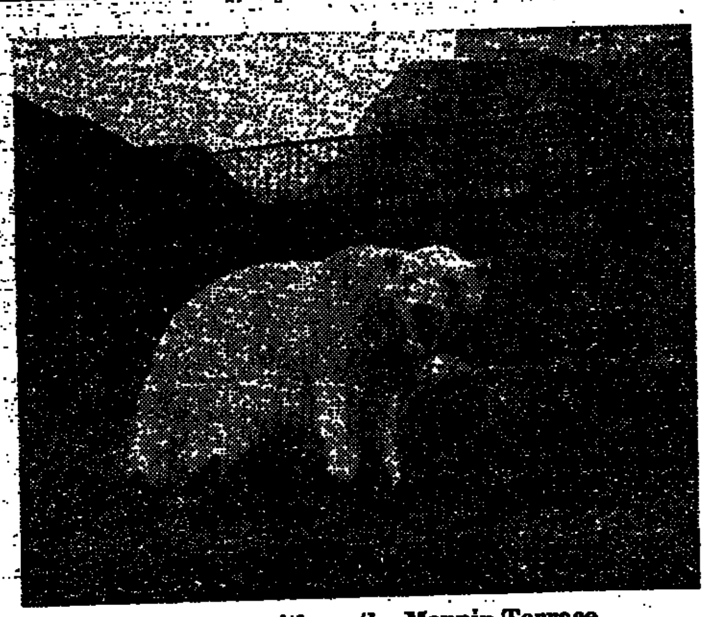
On the other hand, many of Queensland's employers covertly support Sir Joh's stand against the unions

Unfortunately for Queensland, the state's economy is already on the ropes because of low farm and mineral prices. Unemployment is 11.1 per cent, Australia's highest. It has had more bankruptcies than other states. Private investment is down, against the national trend. There is a home building slump and a 30 per cent drop in engineering construction turnover

At present the only thing clear in Queensland is that at 74 years of age, Sir Joh's lifelong war against Socialism and the unions is by no means over. Far from it; he is raising the stakes.

Weekend Brief

Streamlined zoo proposals


Bear necessities—the Mappin Terrace

THIS MONTH the Zoological Society of London is to unveil its plans to rescue the faltering finances of the London Zoo, one of the world's oldest and most famous animal collections. These plans will include a reduction in the 3,000 animals, (not including fish and insects) which live in the 35-acre zoo, at the northern end of Regents Park.

Mr David Jones, the society's operations director, which also owns the zoo at Whipsnade in Bedfordshire, says: "We are not going to get rid of broad categories of animals, we just won't have so many types of species."

This means that all the bears, except the polar bears, are likely to go. Most, if not all, of the birds of prey will disappear, as will many of the species of owls and parrots. They will be found homes in other zoos or, simply, will not be replaced when they die. In addition the zoo plans to redesign displays and improve landscaping to make its environment more appealing. New marketing campaigns and promotions can be expected. Cash raising schemes in the wake of the zoo's successful "Adopt an Animal" campaign are also planned.

The society, better known for the high quality of its scientific and educational work than for its ability to run a profitable leisure business, is suddenly displaying a sharper commercial cutting edge.

Hard decisions have been forced by dwindling attendances and mounting costs. Last year those combined to produce an operating loss at the society of around £2m. The zoo, like any other business which has fallen on hard times, is having to make cuts and reorganise its resources.

"Big city zoos are expensive to run an dthe public do not want to see a vast "stamp collection" of animals," says Mr Jones. "It

The savings are essential if London Zoo is to carry out a large backlog of repairs and renovation. Some structures like the Mappin Terraces—rising tiers of concrete which house the bears and other animals—are more than 60 years old and badly need restoring.

The terraces, which also contains the aquarium, are the zoo's most distinctive feature. Under the new plans they will be revamped and landscaped to a North American theme, maintaining only animals from that continent. The aquarium will be moved.

"Public attitudes and tastes have changed and we need new attractive designs an ddisplays," says Jones. "People want to view animals in modern, airy, natural surroundings. Some of this work has already been done — the big cats' displays, for example—but there is a lot more to do. We are competing against other leisure activities which have grown rapidly during the past 20 years."

That the society is able to contemplate surgery at all, rather than call in the receivers, is due only to a rescue package of grants, worth £8m during the next 2½ years, announced by the Government shortly before Christmas. The money is to cover operating losses and to help wipe out the society's £2m overdraft. Only £1m is actually ear-markd for capital investment, hence the need to achieve greater savings to free more cash for improvements.

The Government, however, has promised to match pound for pound, up to £750,000 a year, any money the zoo raises for capital investment. The scheme will be reviewed in April 1987. In return the Government expects a sharper commercial response from the society.

For much of its 159-year history, the society—started in 1826 by Sir Stamford Raffles, who founded the colony of Singapore—has been nurtured by the generosity of rich people and successful businesses. The small mammal house at London Zoo, for example, which may be the finest collection of its type, was donated by the late Sir Charles Clore. The Mappin Terraces were sponsored by Mappin and Webb the jewellers.

However, public donations are not a stable source of finance and the zoo over the past 10 years has been unable to raise the money needed to secure its future. There was also a reluctance to accept donations while the society was threatened with insolvency.

Perhaps the biggest mistake the society made was to raise admission fees in 1981 to £3.50 an adult. This was a big factor in the sharp fall in attendances in the early 1980s.

Between 1971 and 1974 around 2m visitors annually paid to visit London Zoo. Between 1981 and 1984 that fell to just over 1m a year.

Attendances, however, have recently recovered slightly to around 1.2m.

Last year the society appointed Mr John Boyer, former deputy chairman of Hong Kong and Shanghai Bank, as its first chief expense.

Mr Boyer argues that the zoo's problems were not created by management's failure to recognise and respond to problems, but by the inadequacy of the society's budget which did not allow it to respond.

"We have now been handed a financial lifeline and it is up to us to take full advantage of it. There are all sorts of things we can do in addition to new investment.

"We can look at schemes like block booking and special arrangements for business in the same way as companies hire boxes and take valuable contacts to soccer matches.

"Ultimately we depend upon the public and it will be up to them to decide what kind of zoo they want in London."

Checkpoint chuckles

EAST GERMANY's border controllers, long feared as the toughest in Eastern Europe, are cracking jokes with Western visitors these days.

The transformation of the once stony-faced border officials who barked orders at tourists and searched every nook and cranny of their cars for forbidden newspapers is remarkable.

It has taken place against the background of greatly improved relations between East and West Germany in recent years, and a desire by the East German leadership to improve the country's tarnished image.

West Berliners and West Germans who entered East Germany [illegible] presence of East German customs officials who methodically searched their wallets and purses and frequently asked them to explain names and telephone numbers listed in their address books.

One correspondent's sandwiches were once x-rayed while he was in transit through the country. During 1980 and 1981 when Solidarity was active in Poland East German customs officials treated travellers bound for that country through East Germany as agents of the "counter-revolution."

Poles avoided driving through East Germany to Western Europe even if it meant a circuitous trip via Sweden.

The grey-green uniforms of the passport officials reminded foreign visitors from both East [illegible] service with its grim-faced men and women in bluish uniforms which evoked the greatest animosity.

Today, this is just a bad memory. East German border officials, who are employees of the Ministry of the Interior, have been instructed to be courteous to Westerners. Presto! They are now as polite as once they were offensive.

The border controllers exchange small talk with tourists and frequently tell the latest jokes to Western businessmen visiting East Berlin. Many regular visitors to the East German capital now find themselves being greeted like old friends at the border.

The other crossing points to East Germany have likewise improved vastly. An East German official [illegible] D-marks from a Westerner for a transit visa with the quip "For five marks you're in the game," a slogan from West German TV to promote the state lottery. Such flippancy might have been grounds for a court martial in the old days.

The general friendliness shown towards Westerners at the frontier has become a reliable barometer of relations between the two German states. If the border controllers were ordered to revert back to their brusque commands to Westerners and minute searches of their belongings it would be regarded as a sure sign of a new cold war between the two Germanys.

Contributors: Andrew Taylor

Lloyds to take up Royal Bank rights issue

Lloyds Bank has decided to take up its entitlement to shares in the recent rights issue announced by Royal Bank of Scotland. The announcement yesterday caused some surprise since Lloyds has an understanding with the Office of Fair Trading to reduce its 21 per cent stake in the group.

However, a director commented that the company has "given the commitment to reduce our stake and we will honour that commitment, but we are not under any pressure of time and we thought this was the right thing to do."

He declined to say when Lloyds would reduce its stake or why it had considered it appropriate to take up its full rights entitlement.

Lloyd share price fell 12p to 540p yesterday.

Lloyds is entitled to just over 12m shares at 210p each, which will cost a total of £25.3m. The one-for-four rights issue was announced last month to finance Royal Bank's £152m purchase of Charterhouse Japhet, the merchant bank.

Lloyds agreed with the OFT last year to reduce its stake to 16.4 per cent within a reasonable period of time which has never been spelt out. The deal was struck as part of the complex arrangements under which the Royal Bank also agreed to sell its stake in Lloyds and Scottish, the finance house in which Lloyds has an interest.

The decision to take up the entitlement was made because it was "appropriate" according to a spokesman. It comes only a few days before Lloyds is due to unveil its 1984 results and, some people in the City believe, announce a rights issue of its own.

ICI placing to part fund Beatrice

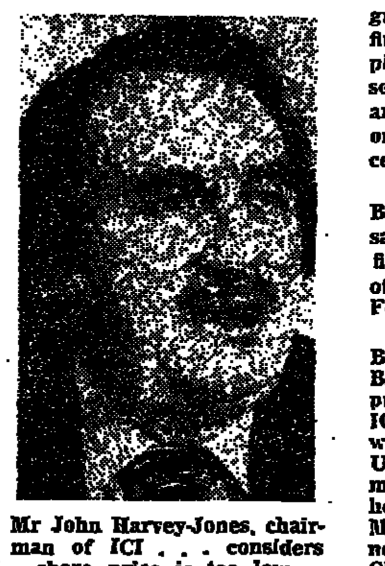
Imperial Chemical Industries yesterday made a £148.5m share placing to finance part of the cost of its $750m (£699m) acquisition of Beatrice Chemical of the U.S. The Beatrice deal, first announced last December, was formally completed on Thursday.

The shares were placed at 825p, a discount of 10p to the closing price of the night before. U.S. investors, who currently own just over 16 per cent of ICI's equity, were not offered any of the new stock.

The company explained that under SEC regulations, the issue of further shares in the U.S. would have required "certain additional disclosures" which the group was not able to make in the time available. "Ideally, we would have loved to open it up to everyone," ICI said. "We will be looking at our procedures for the future."

The balance of the cost of Beatrice will be met from cash and bank facilities. The group's gross liquidity currently stands at over £1bn, and net of short term borrowings at £630m. The 18m new shares being issued are close to the ceiling which ICI is allowed to issue without seeking permission of shareholders.

The placing puts to rest recent City rumours that ICI might be contemplating a rights issue to finance Beatrice. In view of chairman Mr John Harvey-Jones' declared conviction that ICI's share price is too low, there was mild surprise that the group should consider equity financing at all. But at the *placing price the deal* represents relatively cheap finance, given a forecast yield on the shares of around 6 per cent.



Mr John Harvey-Jones, chairman of *ICI* . . . considers share price is too low.

The group confirmed that Beatrice is still headed for sales of $480m, pre-tax profits of $75m and net profits of $40m in the year to end-February 1985.

Initial responsibility for Beatrice will lie with Dr B. H. Lochtenberg, who is principal executive officer for ICI's speciality chemicals worldwide and is based in the U.S. The central staff and management at Beatrice headquarters in Wilmington, Massachusetts will form a new company, ICI Specialty Chemicals Inc.

BTS joins USM ranks with value of £4.2m

By Stefan Wagstyl

BTS Group, a West Midlands-based *company mainly* engaged in making remould tyres, is coming to the USM with a market capitalisation of £4.22m.

Smith Keen and Cutler, broker, is placing 1.23m shares, equal to 23.4 per cent of the equity. The shares are all being sold by the *company's* founding family—Mr Horace Stote, who set up the business in 1962, and his sons Mr Alan Stote, and Mr Roger Stote.

The company began as a small tyre retreading plant, and later switched to making remoulds. In recent years *it has built* up a chain of 10 retail outlets, trading under the name Monarch Motoring Centres, and two years ago started making batteries as well as remould tyres.

Profits were held back by the recession in the early 1980s, declining from £334,000 *in* the year to March 1980 to £240,000 in 1983, despite steady increases in sales to £3.9m. But in 1984, profits leapt to £415,000 on sales of £5.2m, and increased to £262,000 in the first half of the current year.

For the year to *the end of* this month, the company is forecasting profits of not less than £550,000 on sales of £7.5m. On an estimated tax charge of 28 per cent, earnings per share would be 7.69p, giving a multiple of 10.66 on the placing price of 82p.

A final dividend of 1p net is forecast. The indicated annualised gross yield is 5.92 per cent.

The company said that a USM quotation would give it greater flexibility in financing future *growth*, including possible acquisitions.

Mr Alan Stote, chairman and chief executive, said that while the market for tyres and batteries was competitive, the company's prospects were good because "fast-fit" motoring centres, *which accounted for* most of BTS's customers, were taking a growing share of the market.

● comment

As a company BTS Group is profitable and *sound, with* an enthusiastic management flush with ideas on developing the business. As a new issue, however, it is in danger of being overpriced. A multiple of nearly 11 looks too demanding for a company operating in such cut-throat markets. *Admittedly, the* company's main customers are fast-fit motoring centres which are winning market share from traditional garages. But these centres also fit new replacement tyres at discount rates. It seems inevitable that the company's growth will be limited by motorists preference for new tyres, which with design improvements, are lasting longer than they did 10 years ago.

Australians allow BTR to proceed with Nylex takeover

BTR Hopkins, the Australian subsidiary of the **BTR Group**, has been given approval by the *Australian* Federal Treasury to proceed with the A$90m *(£59m)* takeover of **Nylex Group**, the plastics extrusions and mouldings business of ACI International.

The company is to pay $60m in shares and cash for Nylex and *take over* a $30m loan outstanding to the company. Hopkins first announced in December that it planned to buy Nylex.

Hopkins will raise nearly $35m of the purchase price by means of a one-for-two rights issue of 12.46m ordinary 50 cents shares at *$2.80 per share*.

The issue has been underwritten except for the shares to be taken up by BTR through its wholly-owned subsidiary, BTR Australia, which holds 67.2 per cent of Hopkins' shares.

BTR plans to subscribe for *6.8m Hopkins shares or* 81 per cent of its entitlement to allow Australian investors to take a larger stake in Hopkins' shares.

Hopkins has plastics, rubber *belting*, hoses and egineering businesses. And it is believed to have opted for Nylex as a means of establishing a more stable cash flow than is provided by its resources-oriented business, which generates annual sales of over $100m.

Hopkins estimates *that* pre-tax *profits for* 1984 will have exceeded $16m. It confirms the final dividend will be not less than 7 cents paid as an interim.

Sales of the expanded group are expected to approach $400m in 1985 and net funds employed by the year end *will be about* $116m, of which about $33m will represent borrowings.

The board says it is confident the enlarged group will continue to enjoy prosperous growth. It expects at least to maintain the current rate of annual dividend on the enlarged share capital.

Four more property developers for BES

THE wave of property developers seeking equity capital under the Business Expansion Scheme continued last week with the arrival of four ventures, asking for a combined total of £11.6m.

They bring to 14 the number of property developers to have made public announcement of BES share issues in February. If their offers are fully subscribed, they will have raised just over £58m between them.

The largest in the most recent batch is Palmerston Property Developments, which is asking for up to £8m to develop commercial, industrial and retail buildings.

Its directors include Mr Brian Hill, chairman of Higgs & Hill, the international construction and development group, Mr Peter Archer, surveyor to the Lazard Property Unit Trust, and Mr Richard Seifert, senior partner of the architects R. Seifert & Partners. The chairman is Viscount de L'Isle, chairman of Property Growth Assurance Company.

Smithfield Developments is asking investors for up to £2m to refurbish and build properties for small businesses in the Smithfield area of central London. The directors believe that there is a strong demand for freehold property from creative and advertising businesses deterred by high rents in Covent Garden and needing a central location. Noble Grossart has underwritten the minimum subscription of £400,000.

Roman Homes is aiming to raise up to £1m to finance the development of sheltered housing for the elderly. It has contracted to buy the lease of a 1.5 acre site near Llandudno, *and the promoters have already* committed £250,000 to the project.

Listing, which is attempting to raise BES money without a *sponsor, is looking for up to* £600,000 to buy a hotel near Leeds. The group is planning to buy more hotels in due course.

Nationwide Leisure full listing plan

Nationwide Leisure yesterday *unveiled* more than doubled taxable profits of £843,000 for 1983-84 against £401,000 and plans to graduate from the USM to a full listing.

The results mainly reflected the acquisiiton of the Neilson Leisure Group and the performance of the Park Homes Division.

Shareholders are being rewarded with a doubled dividend of 0.5p. Stated earnings per share trebled to 2.4p.

Mr V. M. Cobb, group chairman, says that the company is consulting its professional advisers about an early application for an admission to a full listing.

Nationwide, he says, has had a successful five-year record under the new management team and qualifies under Stock Exchange rules for the step up —Nationwide returned to the stockmarket in 1983 after spending nearly 20 years as an unquoted company.

At last night's close the shares were up 1½p at 26p giving a market capitalisation of £8.5m.

Group turnover for the year to end-October 1984 amounted to £16.86m, against £3.6m, generating operating profits of £1.03m compared with £382,000.

Interest charges came to £190,000 (receivable £19,000) and the tax charge was £160,000 (£199,000), leaving a net result of £683,000 (£202,000).

Mr Cobb says that Neilson Winter Sports holidays produced an excellent sales performance, *which have been running* at levels in excess of 70 per cent above last year's and are still more than 40 per cent cumulatively ahead of last year's bookings.

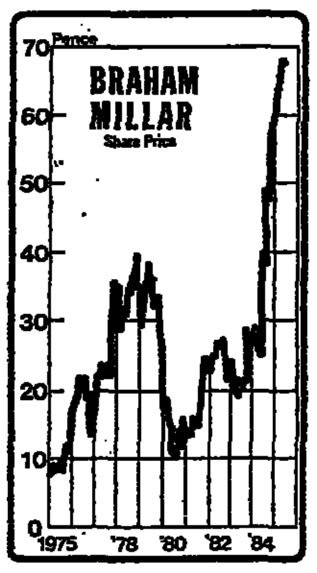
Beazer companies lift Braham Millar to £0.47m

INCLUDING £121,000 from the three Beazer engineering companies with effect from October 29, taxable profits of Braham Millar Group, mechanical engineering subsidiary of C. H. Beazer from June last, amounted to £468,000 for the nine months ended December 31 1984.

This is compared with £207,000 for the six months to September 30 1983 and £480,000 on a proforma basis for the six months ended December 31 1984, which includes the three Beazer companies from July 1 1984.

The directors say that the enlarged group holds a substantial order book and is beginning to benefit from greater flexibility and the wider expertise now available to it. Trading in the current half year is up to expectations and the directors look forward with confidence to the outcome of the year.

Turnover for the nine-month period amounted to £10.04m (£4.55m for the six months to September 30 1983). Tax charge was £202,000, against £108,000, after which earnings were shown as 2.03p (0.5p).



The interim dividend is stepped up to 0.66p (0.4p) net per 10p share — last year's final payment was 0.7p.

Bunzl sells stake in Brammer

By Paul Ham

Bunzl, the pulp and paper merchant, has ended speculation that it might mount a takeover *bid for Brammer*, the distributor of ball bearings and electronic components, by selling its 4.6 per cent stake in the company for a profit of £1.5m.

Bunzl's shares shot up 18p yesterday to close at 438p, while Brammer's fell 11p to close at 306p.

Mr James White, managing director of Bunzl, said Brammer's share-price had reached a *level "where it made more sense* to have the cash rather than the stock." Bunzl sold off 1.38m shares in Brammer at 315p each during the week. Bunzl bought its stake in Brammer in September last year.

Mr John Head, executive chairman of Brammer, said yesterday there was never any commercial compatibility or logic in a takeover bid by Bunzl.

"It's been made clear to them from the start that we were totally antoganistic towards a *takeover," he said.*

Bunzl yesterday received the £54m proceeds from its rights issue, announced in January. At that time the company forecast pre-tax profits of £27m for 1984, up from £17m, along with a dividend payment of 7.5p, up *from 5.5p.*

Talks fail for London & Strathclyde

Talks on a bid for **London & Strathclyde Trust** have failed for the second time since last November.

The Gartmore-managed trust said the potential bidder required irrevocable acceptances covering a majority of the trust's equity, as well as board recommendation, before launching a bid. *It* said the offer was well below asset value and therefore could not be recommended.

It was understood that the bidder was seeking the trust as a means of raising cash through a disguised rights issue, and that the cash offer would have been around 93 per cent of asset value, compared with more normal levels for this type of bid at around 100 per cent.

The share price fell 10p to 183p, valuing the trust at £26.3m.

L & M 7% stake in London Trust

London and Manchester insurance group has disclosed a 7 per cent holding in **London Trust**, the investment trust which is now in discussions on a possible management switch to Hambrecht & Quist, a San Francisco-based investment bank.

The insurance company bought 2m shares, raising its stake to 6.35m, while Save and Prosper *has sold its entire 8.6 per cent* stake.

Under the proposals, London Trust would be converted into a vehicle for investment in U.S. venture and mezzanine capital.

L & G bonus rates held

Legal & General, Britain's second largest life company yesterday announced unchanged reversionary bonus rates for 1984. Thus on assurances, the rate remains at 4.3 per cent of the sum assured and 5.8 per cent of attaching bonuses, while on self-employed pension contracts the rate remains at 5.50 per cent of the basic benefit and attaching bonuses.

The benefits of last year's investment performance are coming in higher terminal bonuses paid on claims arising this year. On ordinary assurances it is being lifted from 67.5 per cent to 75 per cent of attaching bonuses.

On the cashbuilder savings plan, the terminal bonus rises from 50 per cent to 55 per cent, *while on the self-employed* pension contract it rises from 65 per cent to 72.5 per cent of attaching bonuses.

Mr Ted Tilly, L & G's life and pensions director, warned that if both interest rates and inflation rates were low in the future then it might follow that life companies generally would have to cut bonus rates. But the returns in *real terms* would be higher than received during periods of high inflation.

Compco

With profits from the sale of the Worthing Development of £266,453 boosting last year's figures, taxable profits of **Compco Holdings**, property investment and development company, dropped from £469,266 to £202,490 for the six months ended September 25 1984.

Unilever in office equipment sale

UAC International, a subsidiary of Unilever, is to sell BEAM office equipment to Office International, a subsidiary of *the British Commonwealth Shipping Company*, for an undisclosed sum

BEAM, which is believed to have a turnover of around £15m, employs about 400 people and operates a UK-wide network of 20 branches distributing and servicing office machinery, furniture and stationery.

UAC said the subsidiary was being sold because it was peripheral to the company's main trading interests in Africa.

MINING NEWS

Compromise agreed over OK Tedi future

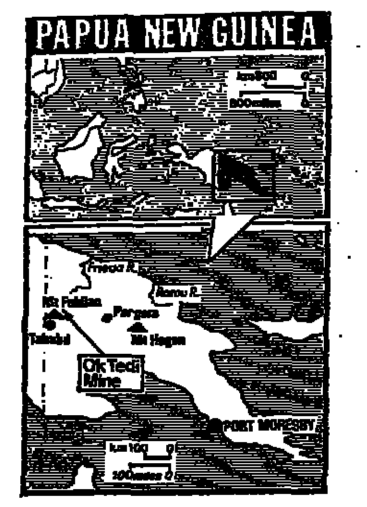
BY KENNETH MARSTON, MINING EDITOR

THE threatened closure of the A$1.6bn (£1.05bn) Ok Tedi open-pit copper and gold mine in Papua New Guinea appears now to have been averted.

Mr. Francis Pusal, the Papua New Guinea Minerals and Energy minister, said that the corporate shareholders—notably **Broken Hill Proprietary** and **Amoco Minerals**—had verbally agreed to compromise proposals for the future development of the mine put forward by the *government*.

He said that the agreement was for Ok Tedi Mining to go ahead with the construction of a permanent tailings (mine waste) dam and a single copper processing line. Construction of a second copper unit and additional hydrolecetric power facilities would be subject to an economic viability test being applied at the end of 1986.

In the meantime, gold production would continue. Mr Pusal added that a written document had been presented to the mining company setting out more fully the terms and conditions. He was confident it would be quickly signed, paving the way for Cabinet endorsement next week.



The company could then be issued with a three to four month extension of its currently suspended mining licence. During this time a supplementary agreement setting out detailed terms and conditions on an infrastructure programme and the economic viability tests would be drawn up, he added.

S. African gold dividends increased

SHARPLY increased interim dividends for the year to September 30, 1984 are declared by the Gencor group's South African gold mines in the Evander area, but the payments fall short of some market expectations.

Winkelhaak, for example, is declaring an interim of 230 cents (105p) against forecasts of up to 260 cents, though it compares well with the previous interim of 177 cents.

Kinross also shows up well with 150 cents against 87 cents a year ago, as does Unisel with 75 cents against 47 cents. Bracken is increasing its latest interim to 40 cents from 23 cents while Leslie's payment is 45 cents against 17 cents.

	1985 March cents interim	1984 Sept cents final	1984 March cents interim	1983 Sept cents final
Bracken ...	40	35	23	37
Kinross ...	150	103	87	109
Leslie	45	50	17	30
Unisel	75	54	47	62
Winkelhaak	230	205	177	225

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Braham Millar ......int.	0.66¶	April 15	0.4	—	1.1
Derek Crouch	3.76	—	3.42	5.39	5.05
Jayplant	0.25‡	—	nil	0.25	—
Nationwide Leisure ...	0.5‡	—	0.25	0.5	0.25

Dividends shown pence per share net except where otherwise stated. † On capital increased by rights and/or acquisition issues. ‡ USM stock. * Equivalent after allowing for scrip issue. § Unquoted stock. ¶ For 15 months.

Results due—Big four clearing banks and composite insurers dominate

STOCKBROKING analysts are displaying an uncharacteristic unanimity about the likely 1984 results of the four London clearing banks, all of which are due to report next week.

In each case, profits from international operations will have been flattered in sterling terms by the strength of the dollar — the exception being Midland which will report operating losses from its Crocker subsidiary — and all the banks will have enjoyed the benefits of buoyant consumer lending and attractive interest margins.

Base rates averaged 10.4 per cent during the second half of 1984, a point-and-a-half above the average level for the first six months.

NatWest

National Westminster Bank gets the ball rolling on Tuesday with what may well be the highest profit growth of the four. Analysts are expecting a full year figure of between £625m and £650m pre-tax, up from £503m in 1983.

The bank has already reported strong growth in its Lombard North Central subsidiary and in its North American operations, while retail banking has shown a good improvement.

Provisions for bad debts will almost certainly be higher than in 1983 but — thanks to the group's limited exposure to South America — smaller in relation to assets than will be the case with most of its competitors.

Midland

Midland Bank, which reports on Wednesday, is in one respect the easiest of the banks to forecast and in another the most difficult. The group has already given a clear indication of the likely damage from Crocker in the U.S. *and has admitted* that maintained dividend will not

Analysts expect provisions of around £575m to exceed operating profits by perhaps £40m with the book profit on the sale of a Crocker building turning the loss into a profit of between £70m and £90m pre-tax.

Yet Midland has considerable scope to bump up that figure with other profits of an exceptional nature and it would not be altogether surprising to see the group report a pre-tax profit of over £100m.

Barclays

Barclays Bank announces its results on Thursday and there is just an outside chance that it could become the first British bank to report pre-tax profits of £700m. The consensus, however, is for a figure of around £675m, which compares with a profit of £557m in 1983.

The bank has already reported some gloomy results from South Africa, which will look even worse on translation into sterling, and that will mitigate what should be a very strong performance from the retail operations in the UK. The recent sale of the Bank of Scotland stake has allayed some of the rights issue fears, but the market has not entirely dismissed the possibility of a cash call next week.

Lloyds

Bringing up the tail is Lloyds Bank, which is still suffering the consequences of its heavy Latin American exposure. Pre-tax profits of between £450m and £475m are widely expected, an increase of roughly 10 per cent on the £419m reported for 1983.

Lloyds Bank International will have probably have made next to no profit after tax in the second half, so Lloyds will be depending heavily on the higher domestic commission tariff, introduced in June, and stable level of UK provisions for

THE FACT that most of Consolidated Gold Field's gold mining operations are in South Africa makes the relatively low dollar price an important element in next Tuesday's announcement of interim results.

Current exchange rates mean that the company is getting near record prices for its gold there, so Rand earnings from this precious metal will have an especial lustre, particularly as production has been creeping up to an annual rate of around 140 *tonnes*.

For this first half, pre-tax profits could well be up from £43.1m to around £52m, with the recent Bath & Portland acquisition helping the tax charge.

British Petroleum

A continuation of British Petroleum's strong earnings growth should be reported in next Thursday's announcement of fourth quarter profits.

In spite of lower oil prices, the results so far this year have reflected increased upstream contributions which have been enough to offset a flat performance *by Sohio and chemicals*. But there have been better production volumes by Sohio in the last quarter and royalties from Prudhoe Bay will have been resumed.

Over on the European refining side of the business, the fact that the dollar did not move unduly during the period should have helped margins. Analysts are also expecting a fairly large extraordinary charge below the line to reflect rationalisation costs in Germany and France, a reassessment of UK deferred tax provision and a write down of the Australian pickle mine.

Overall, best estimates put the full-year net income figure at around £1.4bn, against £866m.

Unilever

A healthier European market and the strength of the U.S. dollar make up the main impetus behind Unilever's expected £875m pre-tax profit, due out on Tuesday, compared with £768m the previous year.

While Unilever is said to have reaped £30m from the dollar's strength, some of this would be lost to the high launch costs of new products in North America which brought the growth rate in that market down from 20 per cent to 8 per cent in the third quarter.

Nonetheless, the food giant progressed overall. It eclipsed its sleepy image in the City with last year's dramatic (for Unilever) £398m takeover of Brooke Bond which, once swallowed and fully digested, should push 1985's result through the £1bn mark. Brooke Bond will not be included in the 1984 result.

Cadbury's

Cadbury Schweppes, the confectionery and soft drinks group, finally found the right market conditions in September to raise £75m in the U.S. by offering American Depositary Receipts to U.S. investors. The offer was well received, and Cadbury's intends to push the marketing of major brands heavily in the U.S. in the current year.

The group is expected on Thursday to announce pre-tax profits of around £125m for the year to December, including several million pounds of currency benefits from the U.S. and Australia.

In the UK, the confectionery side is thought to have had a reasonable year seeing some improvements in market share and margins while drinks are expected to report a better second half.

NEXT WEEK the three major U.S.-orientated composites report on their results for 1984—Royal Insurance on Monday, General Accident on Wednesday and Commercial Union on Thursday. Then the market will see in *stark reality* just what blood bath it has been for the multinational composites in 1984.

No one is under any illusions that last year will prove to have been the worst ever for the UK insurance industry, not only in the U.S. and Canada, but in its home territory. The market is looking for Royal and General Accident to show a small pre-tax profit of around £15m in each case after underwriting losses of £340m for Royal and £250m for GA.

Disaster

In the previous year, which at the time was regarded as a disaster year, Royal made a £98m pre-tax profit after underwriting losses of £210m and GA a pre-tax profit of £65.6m after £150m of underwriting losses.

But the real disaster will come from CU—results of which have *gone from bad* to terrible over each quarter. Here the market is looking for over £400m of underwriting losses and a pre-tax loss of anything between £50m and £70m.

The main disaster area for these companies is the U.S.—the largest operating territory for each of them. Operating conditions here have been diabolical, especially in commercial lines and the rate increases made during 1984 came too late to have much impact on the results for the year. Royal could see its U.S. losses rise by over half to *£220m, GA* more than double to £250m.

Shortlived recovery

CU's expected U.S. losses of £280m against £245m previously may look to be a modest rise but emphasises just how bad *the results will also confirm* that the Canadian insurance market has rocketed back to the horrific conditions of three years ago, with Royal, now the number two insurer, having doubled losses to £47m, GA may have tripled losses to around £30m *and CU seeing* losses rise from £3m to approaching £20m. The results will highlight just how shortlived was the recovery in 1982.

Most attention of the market has been on the insurance conditions in North America, so that the steadily worsening conditions in the UK have received very little attention. But a continuing weak commercial market and highly competitive personal insurance sector have resulted in underwriting losses piling up over the year, compounded by the sever winter early in 1984.

Rising claims

GA's large UK motor account should have been hit by rising claim numbers in the final quarter, which will push underwriting losses up *from* £57.5m to £65m. Royal should see a 50 per cent jump in losses to around £40m while CU, which seems unable to get anything right in any major territory, may report double underwriting losses of around £90m.

The weakness of sterling should boost the investment income of Royal and GA enough to push the company into the black. But CU, having bought reinsurance in the U.S. at the end of 1983 and again in 1984, will find its investment income fall in real terms

Contributors:
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Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Alliance Trust	Friday	4.0	9.5	—
Anglo American Gold Investment	Wednesday†	500.0	500.0	525.0
Anglo American Industrial Corp	Friday†	55.0	125.0	55.0
Barclays	Thursday	11.5	12.5	12.5
Barlow Holdings	Thursday	1.0	3.4	1.0
Blagden Industries	Wednesday	3.3	3.5	3.5
British Petroleum	Thursday	7.0	17.0	10.0
British Vita	Monday	2.63636	2.72727	3.0
Bryant, Derek Group	Monday	2.0	4.0	2.35
BSR International	Wednesday	0.35	1.05	—
Cadbury Schweppes	Thursday	1.5	3.9	1.6
Child Health Research Invest. Trust	Monday	—	—	—
Commercial Union Assurance	Thursday	4.85	6.95	4.85
Corah	Thursday	1.5	2.2	1.6
Davies and Metcalfe	Thursday	0.63	1.58	0.63
Federated Housing	Wednesday	—	0.8	1.0
Fife Indmar	Thursday	1.4	5.2	1.5
Fleming Mercantile Investment Trust	Tuesday	0.72	2.08	0.72
General Accident Fire and Life Assurance Corporation	Wednesday	8.0	11.0	8.0
General Mining Union Corporation	Thursday†	65.0	135.0	55.0
Hawley Group	Monday	—	—	—
Heywood Williams Group	Wednesday	2.0	3.5	2.2
Instem	Tuesday	—	—	—
Jebsens Drilling	Thursday	3.5	—	—
Johnstone's Paints	Tuesday	1.765	2.225	1.765
Jourdan, Thomas	Wednesday	1.75	4.025	1.75
Lex Services	Wednesday	3.75	6.0	4.1
Liberty Life Association of Africa	[illegible]	[illegible]	[illegible]	[illegible]
Midland Bank	Wednesday	11.0	14.5	11.0
National Westminster Bank	Tuesday	11.4	19.8	12.0
New Danon Oil Trust	Friday	—	0.25	—
Oriflame International SA	Tuesday†	0.21	0.32	0.21
Provident Financial Group	Tuesday	3.0	6.0	3.5
Ransomes Sims and Jefferies	Monday	5.0	10.0	6.0
Rights and Issues Investment Trust	Monday	1.0	2.8	1.0
Royal Insurance	Monday	1.2	14.4	8.75
Svenska Cellulosa AB (SCA)	Wednesday†	—	3.0	—
Unilever	Tuesday	10.57	20.29	11.49
Wilkes, James	Friday	1.5	2.8125	1.5
INTERIM DIVIDENDS				
AAH Holdings	Tuesday	2.4255	3.761	
Burndene Investments	Wednesday	—	0.76	
Consolidated Plantations Berhad	Thursday††	8.0	18.0	
CVD Incorporated	Monday	—	—	
Galliford	Wednesday	0.7	3.3	
Harmony Gold Mining	Friday†	105.0	105.0	
Medminster	Monday	1.75	3.1	
Moran Tea Holdings	Tuesday	4.0	6.0	
Ocean Wilsons (Holdings)	Tuesday	0.75	2.2	
Polytechnic Marine	Monday	—	2.0	
Sinclair, William Holdings	Thursday	1.5	3.0	
Unigroup	Friday	—	0.2	
Yarrow	Friday	2.6	8.5	
Zambia Copper Investments	Friday	—	—	

* Dividends are shown net pence per share and are adjusted for any

COMPANY NEWS

INTERNATIONAL COMPANIES and FINANCE

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Activity on the domestic bids and deals front was at a fairly low ebb this week, but in Hong Kong, the **Wheelock Marden** auction intensified with Mr Y. K. Pao's **Hong Kong and Kowloon Wharf** increasing its offer to HK$7.40 for every Wheelock A share and 74 cents for every B share. The latest bid values Wheelock at HK$2.5bn and tops the offer made a week ago by Tan Sri Khoo's **Falwyn** of HK$7.0 for each A share and 70 cents for the B shares. East Asia Warburg, advisers to Wheelock, issued a further statement advising shareholders *not to sell out*. Local analysts feel that the auction is far from over.

Quadrex Holdings, a privately-owned investment banking group, has emerged as the successful bidder for **R. P. Martin**, the foreign exchange and currency broker. Last month, *Martin* announced that it was in talks with various parties, including the management of the company. Quadrex is bidding 450p per share cash and a majority of Martin shareholders have already agreed to accept. These include the 45 per cent held by the German voting trust representing the interests of Bierbaum, the Dusseldorf broker with which Martin merged in 1981. The £44m deal has Bank of England approval and Martin's status as a recognised broker will not be affected.

The Times Veneer, which is controlled by the Berman family, received a bid approach. The furniture manufacturer warned that *any resulting offer would fall well short of last Monday's closing* price of 37p. The price has slipped to 33p pending developments.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Banro Inds	78¾	84	66	4.30	CH Industries
Bonusbond	31§	28	23	1.08	Promotions Hse
Booker McConnell	239§ §§	242	259	298.67	Dee Corp
Butterfield-Hrvy	27*§	26½	22½	3.21	Technology Inc
Dunlop	21½	44	31	31.28	BTR
E of Scot Onshore	¶¶	91	66	¶¶	Ind Fin & Inv Co
Elson & Robbins	90½§§	84	68	8.96	Hartons Group
Foster Bros	185	206	138	86.64	Ward White
Haden	240*	303	232	37.18	Trafalgar House
Hoskins & Hrtn¶	350§ §§	348	270	9.51	Scottish Heritable
Hurst (Charles)	200*§	190	190	4.32	Garvagh Secs
Initial	582§ §§	523	533	316.24	BET
Lake & Elliot	80†	77	65½	7.95	Suter
Leech (Wm)¶	173‖§	175	134††	25.95	Beazer (C. H.)
Lon & Mchr Secs¶	9	9½	10½	2.91	Amal Estates
Manor National	13½§§	12½	13	2.35	Bramall (C. D.)
Martin (R. P.)	450*	435	420	43.65	Quadrex
Pauls	334§	335	253	104.90	Harrsns & Crsfld
Petrolex	58*	70	50	9.06	Clyde Petroleum
Pratt (F.)	78*§	77	48	3.14	600 Group
Seccombe, Mrshll	440*	430	320	7.04	Citicorp
String Guarantee	69½	68	325††	248.46	P & O
TMG Group	125‡†§	95	75	1.67	Smurfit (J.)
Tootal	70*	72	63	124.03	Entrad Corp
Trident TV Ord¶	249§	240	209	3.64	Pleasurama
Trident TV 'A'¶	237½§	240	209	110.24	Pleasurama
Unibond	225†	217	155††	13.21	Beecham
Websters Group¶	145§§	133	140	22.34	Octopus Publshg
Whittington¶	33§ §§	33	22	15.20	Aitken Hume

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on March 1 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖ Loan stock.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aaronite Group	Oct	701	(634)	9.0	(8.3)	2.8	(1.25)
British Vending	Dec	587	(410)	6.1	(3.4)	1.05	(0.77)
Adams & Gibson	Nov	654	(624)	—	(—)	5.5	(5.25)
Ault & Wiborg	Dec	1,120	(207)L	—	(—)	—	(—)
Barrow Hepburn	Dec	1,650	(1,587)	—	(—)	2.2	(2.2)
Bibby, J.	Dec	21,500	(18,534)	13.9	(12.4)	5.25	(3.89)
Cowie, T.	Dec†	2,290	(1,130)	10.4	(7.9)	2.75	(2.0)
Dewey Warren	Dec	1,180	(724)	14.7	(7.7)	7.0	(—)
Fisons	Dec	48,300	(31,200)	19.5	(14.4)	4.5	(3.75)
Good Relations	Dec	1,350	(877)	9.9	(5.5)	4.9	(2.87)
ICI	Dec	1,030,000	(619,000)	98.2	(65.3)	30.0	(24.0)
Kean & Scott	Dec	10,090	(5,470)	8.0	(7.2)	1.67	(1.1)
Ladies Pride	Nov	282L	(228)	—	(2.8)	1.5	(2.5)
Marley	Dec	33,140	(28,180)	—	(—)	3.75	(3.2)
McAlpine, A.	Oct	22,640	(19,520)	45.4	(33.0)	11.0	(9.0)
Microvitec	Dec	2,640	(2,510)	5.8	(5.8)	0.75	(—)
Miss World Grp	Dec	5 15	(340)	16.0	(10.9)	3.6	(3.0)
Neil & Spencer	Nov	657	(585)	3.2	(2.3)	—	(—)
Olives Paper Mills	Dec	149L	(38)	—	(2.0)	—	(—)
Padang Senang	Sept	245	(134)	2.3	(1.2)	1.4	(0.7)
Ratcliffe (Gt Br)	Dec	2,040	(311)	27.7	(—)	3.5	(1.75)
Reuters	Dec	74,300	(55,200)	10.9	(8.5)	2.5	(2.1)
Saga Holidays	Oct	2,550	(2,440)‡	9.2	(7.8)	4.0	(5.0)
STC	Dec	140,800	(138,300)	23.2	(18.9)	9.0	(7.5)
Vantona Viyella	Nov	21,140	(12,050)	39.3	(25.7)	10.0	(8.0)
Vickers	Dec	30,800	(19,500)	28.6	(14.3)	10.0	(8.0)
Williams Hldgs	Dec	1,920	(76)L	21.0	(—)	—	(—)
Williams, R.	Nov	167	(153)	1.9	(1.7)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amstrad	Dec	9,530	(6,320)	0.32	(0.27)
Apex Properties	Sept	295	(274)	0.7	(0.7)
Cont Microwave	Dec	220	(201)	1.75	(1.5)
Don Bros Buist	Nov	1,800	(859)	2.0	(1.5)
Douglas, Robert	Sept	295L	(200)	—	(0.38)
Eleco Hldgs	Dec	810	(761)	1.0	(1.0)
FII Group	Nov	810	(574)	2.0	(1.75)
Imtec	Sept	21	(140)	0.4	(—)
Intereurope Tech	Dec	626	(499)	1.7	(1.54)
Jackson, W.	Oct	880	(610)	—	(—)
Peel Hldgs	Sept	619	(259)	2.5	(2.35)
Peters, Michael	Dec	338	(252)	1.0	(0.79)
Ramar Textiles	Nov	388	(348)	—	(—)
Spectros	Dec	789	(—)	—	(—)
Stothert & Pitt	Dec	129L	(317)	—	(—)
Telefusion	Oct	367L	(1,250)	0.65	(0.82)
United Glass	Dec	8,660	(14,440)	—	(—)
Watshams	Sept	886	(603)	0.9	(0.83)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † For 15 months. ‡ For previous 16 months. L Loss.

Rights Issues

Barrow Hepburn Group—To raise £2.54m through a one for four rights issue at 39p per share.

Bibby, J.—To raise £27.7m through a one for eight rights issue at 225p per share.

Fisons—To raise £94.3m through a one for five rights issue at 245p per share.

Offers for sale, placings and introductions

Mid-Southern Water Company—Offer for sale by *tender* of £5.25m 9 per cent redeemable preference stock 1990 at a minimum tender price of par.

Mid-Sussex Water Company—Issue of £3.5m 12 per cent redeemable debenture stock 2010.

Pepe Group—USM *offer* for sale of 5.5m shares at 100p per share.

Taiwan arrests Tenth Credit chief

BY ROBERT KING IN TAIPEI

THE TAIWAN *police yesterday* arrested Mr Tsai Chen-Chou, head of both Cathay Plastics and Tenth Credit Co-Operative—two financially troubled companies. *Mr Tsai, who is a member of* the Taiwan parliament, was detained shortly after his immunity as a member of the legislature was removed by the 73-*member body*.

The authorities have charged Mr Tsai with issuing 791 bad cheques valued at NT$ 440m (US$ 11.2m), forgery, illegal *endorsement of cheques and the* channelling of funds from Tenth Credit to other companies in the widely spread family corporate empire. Mr Tsai's father, *Wan-Chuc, has also been* charged with issuing dishonoured cheques totalling NT$ 830m in value, although he has not been arrested.

For the last two weeks Mr Tsai's various companies have been *besieged by thousands of* creditors seeking payment for cheques issued to them. His debts are estimated to run to more than US$250m.

Over the past few weeks disclosures by the government of lending irregularities at Tenth Credit, as well as announcements by Mr Tsai that *Cathay Plastics — part of one* of Taiwan's largest family-run groups — could not pay its debts, have caused panic among thousands of small creditors and *foreign bankers. They fear* that the trouble might spread to other connected companies.

Foreign bankers held an emergency meeting yesterday *morning to discuss the devel*opments and their implications for the banks. While foreign bank exposure in Cathay Plastics amounts to only about US$12m, loans outstanding to Cathay Investment and Trust Corporation as well as other companies run by Mr Tsai's brother Mr Tsai Chen-Nan, could be as high as US$200m, one banker said.

As the two may have been guaranteeing one another's loans, Cathay Investment could well be sucked into the debacle and in turn pull down other firms in the group. Worried bankers say privately that this "worst case" outcome is likely unless the government steps in to support Cathay Investment and so prevents knock-on problems.

Over the past eight days 15 officials of Tenth Credit and Cathay Plastics have been arrested.

The troubles at the two companies have had side-effects as well. For one, Mr Tsai's arrest is an acute embarrassment for the ruling Nationalist Party which put him up as a candi*date for parliament in 1983. For* another it calls into question the effectiveness of the oversight functions of the Finance Ministry—since officials admit *that lending irregularities at* Tenth Credit have been going on for some years.

Members of the Control Yuan, which acts as a watchdog over the government, have begun investigating possible negligence by Finance Ministry personnel in allowing matters to get out of hand. One member of Parliament has called for the resignation of Mr Loh Jen-Kong, the current Finance Minister, and his predecessor, Mr Hsu Li-Teh, now Economic Affairs Minister.

Smal creditors stand to lose heavily by the company's troubles. Since the disclosures of Cathay Plastics' difficulties, thousands of individual creditors have besieged offices of subsidiaries demanding to be repaid. Some of these have only promissory notes or post-dated cheques as security. Returns of 24 to 30 per cent per annum to such creditors appear to have played a large part in Mr Tsai's woes.

Loh Jen-kong, Minister of Finance: resignation demanded.

USSR puts Zurich bank into liquidation

By John Wicks in Berne

WOZCHOD HANDELSBANK, the Soviet-owned Zurich bank, is to go into liquidation. This was announced in Berne yesterday by the Swiss Banking Commission.

The business of the bank, jointly owned by the Soviet Foreign Trade Bank and the Soviet State Bank, will be taken over by the Foreign Trade Bank. This intends to set up a branch of its own in Zurich by the end of the year.

Last autumn it became known that Wozchod had experienced major losses in 1983 and 1984. The bank had been a major channel for the placing of Russian gold on the world market.

Large losses

According to Commission spokesman Mr Erwin Sigrist, "very large" losses resulted from both precious-metals dealing and currency trading. Wozchod has never publicly disclosed the volume of these losses, though unconfirmed statements put them at substantially more than $100m.

Mr Bernhard Mueller, director of the banking commission, said that the decision to liquidate the bank had not been ordered by the commission.

This had, however, held talks with the Soviet shareholders. Since "no third parties had suffered a loss," it had been the decision of the Soviet authorities whether Wozchod should be liquidated or re-organised.

Court cases

It is foreseen that the Foreign Trade Bank will assume all "uncontested liabilities" of Wozchod Handelsbank. This formula presumably leaves things open for any court cases Moscow might want to bring in connection with contested deals.

Mr Mueller said the commission would look into the reasons behind the Wozchod losses. It would also study the whole *question of whether* "some form of licensing" should be introduced for traders.

He stressed, however, that any move of this kind by the banking commission would have the disadvantage of not applying to traders outside the banks.

Creditors

The Wozchod case was one of a dozen *in the second half* of last year in which Swiss-based banks "suffered substantial losses in relation to their *size* or where bank executives were involved in criminal acts," Mr Mueller stated.

However, in no instance had bank creditors or clients been affected and, *in most* cases, the banks' capital resources had remained intact.

Apart from Wozchod, the *only liquidation was that of* the publicly-owned Caisse Hypothecaire du Canton de Fribourg, which was taken over by the Fribourg Cantonal Bank.

Holmes à Court in Asarco move

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR ROBERT HOLMES A COURT, the Perth businessman, has snapped up 10 per cent of Asarco, the struggling U.S. mining concern, in what may prove another colourful and ambitious foray into natural resources.

Asarco is a major producer of silver, zinc and copper, and owns 44 per cent of MIM Holdings, one of Australia's biggest mining houses. MIM in turn owns 18.2 per cent of Asarco. In 1984 the U.S. company made a net loss of US$ 306m.

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Mr Holmes à Court has acquired 2.83m Asarco shares in a discreet *buying operation* spread over the last 60 days when the price varied between US$17.625 a share and US$23.25. At Thursday's closing *price of $22.875 the Asarco* stake would be worth $64.74m. The share purchases were made *via Weeks Petroleum, a* Bermuda-based subsidiary of Bell Resources, the energy and mining offshoot of Mr Holmes à Court's master company, Bell Group.

The Asarco manoeuvre could be a straight share play. Alternatively, it is seen by some as the prelude to an all out raid on Asarco, or MIM—or both.

Analysts say it is a good time to buy into copper, and that Asarco's open share register and depressed share price could prove the springboard for yet another determined move by Mr Holmes à Court into the *depressed energy and mining* sectors.

Bell Resources has also announced that it has exercised its option to acquire an *additional 5 per cent stake in* two massive Queensland coal consortia, at a cost of US$125m, *taking its total stake to 10 per* cent. The purchase was made from General Electric of the U.S.

Mr Holmes à Court believes that many mining and resource stocks — particularly in base *metals—are attractively under*valued. His main target in the Asarco share play may ultimately be MIM's massive Mount Isa copper ore body in north west Queensland, rather than MIM's costly coal interests, or Asarco itself. But given his record, he would just as easily settle for a smart resale and suitable profits.

At present MIM has a market capitalisation of some A$1.3bn (US$927m) compared with US$700m for Asarco. On these *prices the U.S. company's stake* in MIM is worth just over US$400m.

Goldsmith ponders joining Icahn in bid for Phillips

BY WILLIAM HALL IN NEW YORK

SIR JAMES GOLDSMITH, the *Anglo - French financier, is* considering joining forces with Mr Carl Icahn, the Wall Street financier who is planning a hostile bid for Phillips Petroleum, *the embattled U.S. oil* company.

Sir James was said to be on holiday yesterday but sources close to Mr Icahn said that Drexel Burnham, Mr Icahn's investment banking adviser, was in discussions with Sir James's *representatives with a view to* raising additional finance for the $4.2bn hostile tender offer.

Mr Icahn has raised $1.5bn so far and his ability to recruit *the support of Sir James would* go a long way towards improving his credibility on Wall Street, where there is still some doubt that he can raise the necessary finance *to proceed* with his bid.

The news of Sir James's *interest in joining the Phillips'* raiding party will put further pressure on Phillips to "sweeten" the terms of its recapitalisation plan which is widely believed to have been defeated.

Phillips will announce the *results of the shareholders'* vote on the plan on Monday.

The group needed to win shareholder approval of the recapitalisation plan so that it could insulate itself from unwelcome takeovers. Wall Street analysts now believe that the company has boxed itself into a corner and is rapidly running out of options.

It could seek out a friendly "white knight" in the form of an oil company to save it from Mr Icahn, or it could sweeten the terms of its recapitalisation plan sufficiently to win Mr Icahn's support.

Alternatively, it could elect to go private through a leveraged buyout. Phillips shares rose $¾ to $49¾ in early trading yesterday.

ABN better than expected in second half

By Laura Raun in Amsterdam

ALGEMENE Bank Nederland (ABN), the largest bank in the Netherlands, posted a 4.5 per cent higher profit of Fl 401.8m ($106.3m) last year in a sharp reversal of earlier forecasts of a decline. Growth was achieved thanks to a buoyant second half, particularly in commissions and the securities business.

Earnings had plunged 25 per cent midyear on sharply narrower interest-rate margins and a decline in foreign business.

Lower taxes both in the Netherlands and overseas and smaller general provisions also contributed to the modest full-time rise from the Fl 384.5m seen in 1983.

After a cut in interim dividend, a higher final leaves the total unchanged at Fl 26.

Total income edged up only 1.5 per cent to Fl 4bn last year from Fl 3.9bn the previous year as domestic interest-rate margins shrunk. *Lending growth in* the Netherlands was too low to offset the tighter margins. Overseas, higher costs offset an increase in income.

Loan-loss provisions in 1984 amounted to Fl 625m, down 3.8 per cent from 1983, which was a peak year for Dutch banks' general contingency funds. *Healthier corporate pro*fits in the Netherlands allowed a decline in provisions for domestic credit risks

Consafe slides and warns of loss in current year

BY DAVID BROWN IN STOCKHOLM

PRE-TAX PROFITS plunged *sharply at Consafe, the world's* largest owner of offshore accommodation platforms, in 1984 due to poor market conditions which are expected to persist and pro*duce a loss this year*.

The pre-tax result declined from SKr 408m to SKr 29m ($3.07m) in comparable terms—although the 1984 figure excludes SKr 83m from *changes* in depreciation policy.

The decline follows a much lower rate of vessel capacity use and a lack of income from ship *sales in 1984. Income from ship* sales inflated the 1983 figure by SKr 175m. Turnover in 1984 was SKr 1.04bn.

In a management shake up, Mr J. Christer Ericsson the *present chairman and founder* of Consafe, is to return as managing director following the departure of Mr Lars Larsson.

A significant market upswing *is not expected until 1986 or* 1987, the group reports. The board has again chosen to omit a dividend this year.

Consafe is considering switch*ing to a Norwegian flag* this year in order to gain greater access to that country's large offshore market. It has already bought a small company quoted on the Oslo Bourse and has merged it with its Norwegian subsidiary Consafe A/S as a first step. A share issue of up to SKr 150m could follow.

Gambro dives to SKr 23m

BY OUR STOCKHOLM CORRESPONDENT

GAMBRO, the Swedish manufacturer of kidney dialysis *machines acquired* late last year by Sonnessons, saw pre-tax profits for 1984 dropped well below earlier revised forecasts, to SKr 23m ($2.4m) — from the SKr 156m achieved in 1983 — on 15 per cent higher sales of SKr 1.43bn.

The company has undertaken a major administrative and management shake-up since its previously fast growth rate was checked by soaring costs. It has already announced plans to cut the *workforce* — mainly white-collar personnel — by 10 *per cent*.

Gambro also plans to hive off its long-term research and development work into a new company, in which both it and Leo/Ferrosan — another Sonessons subsidiary — will take a one-third stake.

These measures will save the company an estimated SKr 80m this year, it says. The dividend is unchanged at SKr 0.32 per share.

Strong first quarter rise at Toronto-Dominion Bank

BY BERNARD SIMON IN TORONTO

TORONTO - DOMINION Bank raised net earnings to C$101.1m (US$73.3m), or 72 cents a share, in the first quarter ended January 31, from C$85.4m, or 68 cents a year *earlier. The quarterly dividend* has been raised to 20 cents, from 19.

Return on assets advanced from 0.80 per cent to 0.86 per cent, one of the highest returns achieved by a Canadian bank in recent years. It also has the strongest capital base of the five major Canadian banks, *and a relatively low exposure* to the depressed energy and real estate sectors in Western Canada.

Assets stood at C$47.0bn on *January 31, up from C$42.6bn*

Non-performing loans declined by over 10 per cent in the latest quarter to C$1.1bn, due largely to payment of interest on international loans. Loan loss provisions, which are calculated on a five-year moving average, rose *to C$62.4m, from C$47.6m.*

● First City Financial, the Vancouver-based financial services and real estate group controlled by the Belzberg *brothers, raised net income to* C$47.7m, or C$2.37 a share, last year, from C$42.2m, or C$2.25 in 1983.

The weak property market in *Western Canada contributed to* a C$38.6m provision for mortgage losses in 1984, compared with C$15.6m in 1983. In addition, a provision of C$17.4m *for declines in real estate* values was set aside in the fourth quarter of last year.

Bridgestone net profits up 14%

TOKYO—Bridgestone Corporation has reported unconsolidated net income for 1984 rising *by 14.2 per cent to Y17.66bn* ($6.78m) from Y15.46bn.

The tyre-maker's sales rose 6.5 per cent to Y547bn from Y513bn. Earnings per share rose to Y32.49 from Y28.51. Profits before taxes and extraordinaries, rose 15.7 per cent to Y38.01bn from Y32.86bn.

Net in the current year will come to Y18bn, up 1.9 per cent. Bridgestone predicted. It said it expected sales to increase 9.7 per cent to Y600bn.

AP-DJ

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Higher on economic figures

SHARPLY HIGHER levels were recorded on Wall Street yesterday, when investors responded favourably to the latest batch of economic figures.

By 1 pm the Dow Jones Industrial Average was up 10.16 at 1,294.17, making a rise of 18.33 on the week, while the NYSE All Common Index, at $105.78, rose 85 cents on the day and $1.77 on the week. Gains led losses by a two-to-one majority, while the volume expanded 22.5m shares to 97.32m compared with 1 pm Thursday.

Analysts said investor fears of possible credit-tightening by the Federal Reserve had begun to fade following release of the latest economic statistics. "The market is recovering from interest rate jitters," said Harvey Deutch, of Purcell Graham.

The Fed Thursday reported A$1.7bn rise in M-1 Money Supply. Friday the Commerce Department said the Index of Leading Economic Indicators jumped 1.7 per cent in January. Both figures were in line with Wall Street expectations.

Bond prices advanced on the news yesterday morning, and the Stock Market followed suit.

Commonwealth Edison topped the active list, unchanged at $28¼ on 1.3m shares—it said it knew no reason for the activity.

American Natural Resources the second most active issue, rising $2¾ to $52¾—it said it would spin off its oil and gas reserves into a limited partnership.

Phillips Petroleum rose $¾ to $49¾—a source said Carl Icahn is in talks with financier James Goldsmith about his possible participation in a Phillips buy-out bid.

CBS moved up $3 to $87½. Despite Press reports that Ted Turner is seeking to acquire CBS, the company said it has had no talks with Turner. Turner said his Attorney has made general inquiries with the FCC about broadcast licence transfers.

THE AMERICAN SE Market Value Index put on 0.36 to 227.79, making a rise of 1.69 on the week. Trading volume expanded 2.79m shares to 7.77m compared with 1 pm Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stock prices were sharply ahead in heavy trading at mid-session, reflecting Wall Street's renewed enthusiasm about the economy.

The Toronto Composite Index was up 18.5 at 2,613.5, Metals and Minerals 17.2 at 2,092.5, Gold 32.4 at 3,123.2, and Oil and Gas 27.3 at 3,179.7.

Canadian Pacific rose $¾ to $61¼—analysts say it is heading into a new cycle of rising profits.

GERMANY

The bourse closed with a new record high in a strong rally triggered by heavy demand from foreign investors looking for currencey gains should the dollar fall further, dealers said.

News of higher corporate earnings provided further suport to sentiment, and the Commerzbank 60 share index surged 22.6 to 1,196.4, 7.9 up from the previous peak of 1,188.5. Commerzbank said the new record was 84 per cent above a cyclical low seen in August 1982.

determination of Central Banks

But uncertainty as to the to continue selling the dollar down caused some late profit-taking.

In Banks, Deutsche improved 11.50 to 418.50.

Chemicals, recently boosted by upwards revisions of expected corporate profits in the sector, were pushed sharply higher amid news Schering, up DM7.5 at 473.5, saw a 14 per cent increase in world sales.

Electrical Siemens rose DM10.50 to 553, while car maker Daimler moved up DM16.50 to 669.

SWITZERLAND

Mixed in moderate trading, with investors holding back due to uncertainty over currency and interest rate developments.

Dealers said there was some disappointment over the performance of the Banking sector, where prices failed to react to Thursday's Union Bank dividend news. UBS Bearer initially fell Frs 50 before closing unchanged at 3,650, while its Registered shed Frs 5 to 690.

Attention generally shifted to Financials and special situation stocks, dealers said.

Swiss conserves manufacturer Hero rose Frs 75 to 3,700 in active trading—the company stated it wants to remain independent.

BRUSSELS

Belgian and Foreign shares higher, spurred by rumours that the Belgian Government plans to extend tax breaks on Belgian share purchases by residents beyond an end-of-year expiry date, brokers said.

U.S., German and Dutch shares posted strongest gains among the Foreign shares.

But British shares and gold prices continued their decline.

TOKYO

Stock prices rose to their fifth record close in six trading days in hectic trading Friday, paced by strong gains among speculative Drugs.

The Nikkei Dow Jones Index climbed 90.22 to a record 12,412.14. Gains led losses 411-to-367. Trading was hectic. Turnover 30m (520m) shares.

The Nikkei Dow surged to a 56.78 gain after the first hour of trading, then hovered near that level until a late burst. It went into the final hour up 57.02.

The Nikkei Dow Index has soared 240.22 since it closed last Saturday's half-day session at 12,171.92. The gains came alternatively on strength amid Drugs, Financials Blue Chips and Drugs again.

Buying orders came from overseas, from domestic corporations and from domestic individuals.

Drugs and Biotechnology issues led the advance, paced by companies rumoured, or known to be working on anti-cancer agents. Asahi Chemical rose Y100 to 820 on 57m shares on a report its anti-cancer research, which appeared in a British newspaper, lent credibility to the stories and drew in foreign buying.

Constructions and Electricals also rose. Non Ferrous Metals climbed. Banks were mostly left alone, although Securities Houses were mixed to better. Insurances and Real Estates slipped.

HONG KONG

Unconfirmed rumours that Jardine Matheson may be planning a major corporate announcement sent most Hong Kong share prices sharply higher in active trading.

The Hang Seng Index improved 25.90 to 1,401.15. Turnover HK$509.71m (HK$296.09m).

A widespread rumour that Jardine Matheson, up 40 cents to HK$10.10, plans to sell its 34 per cent stake in Hongkong Land, up 23 cents to HK$5.15, pushed up most prices. Depending upon the version of the rumour, the buyer is either Anglo-American, the giant South African mining company, or Khod Teck Puat, a South East Asian financier who already is engaged in a takeover battle for Wheelock Marden, up 5 cents to HK$7.25, another Hong Kong conglomerate.

SINGAPORE

Mixed after moving uncertainly throughtout the day on buying support and profittaking in active trading.

The Straits Times Industrial Index rose 2.16 to S41.20. Turnover 26.5m (18.0m) shares.

Pan-Electric, the most actively traded issue, improved 20 cents to S$3.10 — one analyst said expectations that it will report hefty jrofits because of its salvage subsidiary's earnings in the war-torn Arabian Gulf haven't been fully reflected in Pan-electric's price.

AUSTRALIA

Share markets drifted lower in quiet conditions with some profit-taking ahead of the week-end.

The All Ordinaries Index was down 2.0 at 790.3, Metals and Minerals 5.3 at 475.0, All Resources 3.3 at 499.3 and Solid Fuels 5.9 at 362.0. National turnover 34.28m shares, worth about $A49.17m (37.58m shares $A56.49m). Rises and falls were about even.

Brokers said quiet trading on international markets overnight encouraged local centres to take a breather after a volatile week's business.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL Portfolio

NEW YORK ACTIVE STOCKS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Further intervention

Another large effort by central banks only barely held the dollar in check yesterday, as market sentiment again wanted to drive the U.S. currency higher. A high Federal funds rate of 8¾ per cent in New York, and a rise of 1.7 per cent in January U.S. leading indicators, gave the dollar an added boost in the afternoon, but demand was also very strong in the morning, before activity tailed off towards the close. The German Bundesbank was reported to be intervening in the Far East before Europe opened, managing to push the dollar down from a peak in Hong Kong of DM 3.3850 to the day's low of DM 3.32.

Sterling remained depressed by concern about oil prices, falling 75 points to $1.0720-1.0730, and also declined to DM 3.60 from DM 3.6150; FFr 11.0250 from FFr 11.0350; and Y280 from Y280.50, but was unchanged at SwFr 3.0850. The exchange rate index fell 0.5 to 70.8, while the dollar's index rose to 154.3 from 153.5.

£ in New York (latest)

	March 1	Prev. close
£ Spot	$1.0725-1.0732	$1.0710-1.0730
1 month	0.55-0.52pm	0.47-0.45pm
3 months	1.18-1.14pm	1.14-1.11pm
12 months	1.85-1.75pm	1.70-1.60pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX (Bank of England)

	March 1	Previous
8.30 am	70.9	71.5
9.00 am	71.0	71.6
10.00 am	70.9	71.5
11.00 am	70.9	71.7
Noon	70.7	71.5
1.00 pm	70.8	71.5
2.00 pm	70.7	71.6
3.00 pm	70.8	71.3
4.00 pm	70.8	71.3

POUND SPOT—FORWARD AGAINST POUND

March 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0660-1.0810	1.0720-1.0730	0.54-0.50c pm	5.82	1.17-1.12pm	4.27
Canada	1.4770-1.4960	1.4860-1.4940	0.52-0.41c pm	3.74	0.94-0.79pm	2.32
Nethlnd.	4.03¾-4.08¾	4.07¾-4.08¾	2⅞-2⅝c pm	8.08	6⅞-6¾pm	6.61
Belgium	71.07-72.60	72.50-72.60	28-23c pm	4.22	60-52pm	3.09
Denmark	12.78¾-12.89½	12.88½-12.89½	3¾-2⅞ore pm	2.68	8¾-7½pm	2.52
Ireland	1.1535-1.1610	1.1555-1.1575	0.12p pm-0.06d	−0.31	0.15pm-.29d	−0.24
W. Ger.	3.57-3.61¼	3.59½-3.60½	2⅞-2¾pm pm	9.38	7-6⅞pm	7.71
Portugal	193½-199¾	196¾-199¾	170-505c dis	−20.45	485-1360d	−18.64
Spain	188-199¾	198-199	35-20c pm	1.66	60-35pm	0.96
Italy	2220¼-2245½	2243-2244	2 lire pm-2 dis	—	5-10dis	−1.34
Norway	10.28¾-10.36½	10.33½-10.34½	1¾-⅞ore pm	1.23	3¾-2¾pm	1.23
France	10.91-11.04	11.02-11.03	3¾-3⅛c pm	3.74	7½-6¾pm	2.56
Sweden	10.12¾-10.22¾	10.20½-10.21½	1½-½ore pm	0.95	¾pm-¼dis	−0.07
Japan	278½-281½	279½-280½	2.05-1.95y pm	8.57	5.35-5.15pm	7.50
Austria	25.10-25.38	25.23-25.38	17¾-16½gro pm	8.15	44½-41½pm	6.90
Switz.	3.06-3.09	3.08-3.09	2⅝-2¼c pm	9.97	6½-6pm	7.94

Belgian rate is for convertible francs. Financial franc 72.65-72.85. Six-month forward dollar 1.60-1.55c pm. 12-month 1.80-1.65c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0660-1.0810	1.0720-1.0730	0.54-0.50c pm	5.82	1.17-1.12pm	4.27
Ireland†	0.9230-0.9355	0.9275-0.9295	0.48-0.38c pm	5.54	1.20-0.90pm	4.51
Canada	1.3800-1.3920	1.3905-1.3920	0.22-0.26c dis	−2.08	0.65-0.72dis	−1.98
Nethlnd.	3.7550-3.8150	3.7795-3.7805	0.72-0.69c pm	2.24	2.15-2.12pm	2.27
Belgium	66.85-67.60	67.50-67.60	9½-10½c dis	−1.78	25-27dis	−1.54
Denmark	11.89-12.08	11.98¾-11.99¾	1½-2ore dis	−1.75	2½-3dis	−0.91
W. Ger.	3.3200-3.3735	3.3495-3.3505	0.98-0.96pf pm	3.26	2.88-2.83pm	3.21
Portugal	183-186	184-186	250-550c dis	−26.09	650-1450d	−22.83
Spain	183¾-186	185-186	58-65c dis	−3.98	140-155dis	−3.18
Italy	2063-2095	2092½-2093½	9¾-9¾ lire dis	−5.47	28-28¾dis	−5.44
Norway	9.55-9.66	9.64¼-9.64¾	3-3½ore dis	−4.03	7-7½dis	−3.00
France	10.15½-10.27	10.24¼-10.24¾	1.75-1.85c dis	−2.11	4.30-4.60dis	−1.74
Sweden	9.42-9.53	9.48¾-9.49¾	3¼-3¾ore dis	−4.40	9½-9¾dis	−3.99
Japan	259.80-261.60	260.25-260.35	0.60-0.56y pm	2.67	2.07-2.02pm	3.13
Austria	23.34-23.65	23.55-23.65	4¾-4¼gro pm	2.29	16-14pm	2.54
Switz.	2.8450-2.8820	2.8570-2.8580	1.06-0.99c pm	4.29	2.76-2.69pm	3.80

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 67.75-67.90.

OTHER CURRENCIES

Mar. 1	£	$		£ Note Rates
Argentina Peso	286.84-287.53	267.90-268.15	Austria	25.10-25.40
Australia Dollar	1.5050-1.5125	1.4055-1.4095	Belgium	72.30-73.10
Brazil Cruzeiro	4,208-4,237	3,931-3,951	Denmark	12.83-12.95
Finland Markka	7.4365-7.4825	6.9700-6.9800	France	10.94-11.05
Greek Drachma	148.80-151.85	137.80-140.60	Germany	3.58-3.62
HongKong Dollar	8.3475-8.3555	7.8015-7.8035	Italy	2220-2250
Iran Rial	101.50*	97.40*	Japan	280-284
KuwaitDinar(KD)	0.3295-0.3305	0.30755-0.30785	Netherlands	4.05-4.09
Luxembourg Fr	72.50-72.60	67.60-67.60	Norway	10.30-10.40
Malaysia Dollar	2.7640-2.7740	2.5835-2.5855	Portugal	194-213
New Zealand Dlr.	2.4330-2.4430	2.2725-2.3255	Spain	194-203
Saudi Arab Riyal	3.8595-3.8650	3.6005-3.6020	Sweden	10.14-10.25
Singapore Dollar	2.4375-2.4380	2.2690-2.2740	Switzerland	3.05-3.10
Sth African Rand	2.1725-2.2105	2.0410-2.0620	United States	1.06⅞-1.08⅛
U.A.E. Dirham	3.9360-3.9415	3.6720-3.6730	Yugoslavia	297-309

* Selling rate.

EXCHANGE CROSS RATES

Mar. 1	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.073	3.600	280.0	11.05	3.085	4.083	2244.	1.490	72.55
U.S. Dollar	0.932	1.	3.350	260.3	10.25	2.858	3.780	2093.	1.389	67.55
Deutschemark	0.278	0.298	1.	77.78	3.063	2.857	1.134	623.2	0.414	20.15
Japanese Yen 1,000	3.571	3.830	12.86	1000.	39.38	11.02	14.58	8012.	5.321	259.1
French Franc 10	0.907	0.975	3.265	254.0	10.	2.798	3.703	2036.	1.351	65.80
Swiss Franc	0.324	0.348	1.167	90.76	3.574	1.	1.323	727.2	0.485	23.52
Dutch Gilder	0.245	0.263	0.882	68.59	2.701	0.756	1.	549.5	0.365	17.77
Italian Lira 1,000	0.446	0.478	1.605	124.8	4.914	1.375	1.820	1000.	0.664	32.34
Canadian Dollar	0.671	0.720	2.416	187.9	7.399	2.070	2.740	1506	1.	48.69
Belgian Franc 100	1.378	1.478	4.962	385.9	15.20	4.252	5.627	3092.	2.054	100.

MONEY MARKETS

Rates firmer

Interest rates were firmer in cautious London money market trading, as sterling continued to weaken against the dollar. Three-month interbank was steady throughout at 13 15/16-14 1/16 per cent compared with 13⅞-14 per cent,

UK clearing banks base lending rate 14 per cent since January 28

and discount houses buying rates for three-month eligible bank bills rose to 13 9/16 per cent from 13 7/16 per cent.

The Bank of England forecast a money market shortage of £400m in the early morning, but changed this to £450m at noon.

Before lunch the Bank of England bought £184m bills by way of £10m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent; £2m Treasury bills in band 2 (15-33 days) at 13¾ per cent; £59m bank bills in band 2 at 13¾ per cent; £50m bank bills in band 3 (34-63 days) at 13⅝ per cent; and £63m bank bills in band 4 (64-91 days) at 13½ per cent.

In the afternoon another £334m bills were purchased, through £10m bank bills in band 1 at 13⅞ per cent; and £324m bank bills in band 2 at 13¾ per cent.

Temporary facilities available through gilt edged repurchase agreements added £1,045m to liquidity. Agreements available to March 29 commanded an interest rate of 14¼ per cent; and those available to April 30 a rate of 14 1/16 per cent. On the other hand bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £498m, while Exchequer transactions absorbed £640m; a rise in the note circulation £245m; and bank balances below target £65m.

In Frankfurt the Bundesbank kept money market liquidity fairly stable by allocating DM 13.5bn through a 28-day securities repurchase agreement. Total bids at yesterday's tender were DM 33.6bn, and the banks will be credited with the funds on Monday, virtually replacing an expiring repurchase agreement of DM 14bn. The interest rate set on the new agreement by the Bundesbank was slightly higher at 5.8 per cent compared with 5.7 per cent.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Mar. 1 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13-15	14-14⅛	12-14¾	10-14	—	—	—	—	—
2 days notice	—	—	14⅛-14¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	14⅛-14⅜	14⅛-14¼	14⅜-14⅛	13⅞	—	—	—	—	—
One month	14⅛-14⅛	14-14¼	14⅛	14⅜	13⅞	13¾	13⅝	13 13/16	13¾	14 1/16
Two months	14 1/16-13 15/16	14-14⅛	14	14¼	13½	13⅝	13½	13 11/16	13⅝	14 1/16
Three months	13 15/16-13 15/16	13 15/16-14 1/16	14	14⅛	13¼	13 9/16	13 7/16	13½	13½	13 15/16
Six months	13⅛-12⅞	13¼-13⅜	13¼	—	—	—	—	12 15/16	12 15/16	—
Nine months	12⅞-12⅝	12 11/16-13 1/16	—	—	—	—	—	—	—	—
One year	12⅝-12⅜	12⅞-13	12¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅞-14⅛	—	14⅛	8.8-8.9	8 7/16-8 11/16	9⅞-10 1/16
Two months	14½-14⅛	—	14⅛	9.05-9.15	8 11/16-9 1/16	10-10 1/16
Three months	14⅜-14⅛	—	14	9.3-9.4	8 13/16-9 1/16	10 1/16-10⅛
Six months	13¾-13⅜	—	13⅝	9.85-9.95	9 5/16-9 9/16	10⅛-10 5/16
Nine months	13¼-12⅞	—	13⅛	10.1-10.5	—	—
One year	13¼-12⅞	—	13	10.5-10.7	9 11/16-9 15/16	10⅛-10⅜
Two years	—	12⅝	—	—	—	—
Three years	—	12¼	—	—	—	—
Four years	—	12⅛	—	—	—	—
Five years	—	12	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period January 2 to February 5 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 12½ per cent from March 1, 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 13.4399 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 14 per cent; one-three months 13¾ per cent; three-six months 13¾ per cent; six-nine months 13 per cent; nine-12 months 12¾ per cent. Under £100,000 11½ per cent from February 13. Deposits held under Series 8 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. March 1)

Three months U.S. dollars	
bid 9 1/2	offer 9 5/8

Six months U.S. dollars	
bid 10 1/16	offer 10 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	14⅛-14⅜	8⅝-8¾	10¼-10¾	6⅝-6¾	3-3¼	6-6⅛	10⅛-10⅝	13-14	10-10¼	9⅞-10⅛	6 5/16-6 7/16	11 5/16-11 11/16
7 day's notice	14⅛-14⅜	8⅝-8¾	10¼-10⅝	6⅝-6¾	2⅞-3⅛	5 15/16-6 1/16	10¼-10⅝	14⅜-15⅜	10⅛-10¾	10⅛-10¾	6⅜-6½	10¼-11¼
Month	14 3/16-14 5/16	8 13/16-9 1/16	10 9/16-10 13/16	6 15/16-7 1/16	5¼-5⅜	6-6⅛	10⅝-10¾	14½-15	10⅛-10¾	10⅝-10⅞	6½-6⅝	10⅞-11⅛
Three months	13 15/16-14 1/16	9 5/16-9 7/16	11 1/16-11 3/16	7 1/16-7 3/16	5 5/16-5 7/16	6 1/16-6 3/16	11 1/16-11 5/16	15-15½	10⅝-10⅞	10¾-11	6⅜-6½	11-11½
Six months	13 5/16-13 7/16	10⅛-10¼	12 1/16-12 5/16	7¼-7⅜	5¾-5⅞	6⅜-6½	11⅝-11¾	15⅜-15¾	11-11¼	10⅞-11⅛	6 5/16-6⅜	11-11½
One year	12⅞-13	10 5/16-10 7/16	12⅛-12¼	7⅝-7⅛	5⅝-5¾	6⅝-6¾	12-12¼	16-16½	11⅜-11⅝	11-11¼	6 5/16-6 7/16	11¼-11¾

Asian $ closing rates in Singapore): Short-term 8 9/16-8 11/16 per cent; seven days 8 11/16-8 13/16 per cent; one month 8⅞-9 per cent; three months 9¼-9⅜ per cent; six months 10 1/16-10 3/16 per cent; one year 10¾-10⅞ per cent. Long-term Eurodollars: two years 11⅝-11⅞ per cent; three years 11⅞-12⅛ per cent; four years 12⅛-12⅜ per cent; five years 12⅜-12⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1984/5 High	1984/5 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1125/1145	−30	$1515/1545	$3575/3625	$1025/1075
Antimony					
Free Market 99.6%	$2625/2725	+75	$2875/2925	$3575/3625	$2450/82
Copper Cash High Grade	£1265	−3.5	£984.75	£1303.75	£945
3 months Do. Do.	£1284.5	−5.75	£1004.25	£1331.75	£969.75
Gold per oz	$287.25	−11.75	$399.25	$405.75	$284.75
Lead Cash	£323	−13	£284.5	£399.5	£259.5
3 months	£334	−10.85	£293.25	£387.87	£279.25
Nickel					
Free Markets c.i.f. lb	251/261c	+1	203/223c	237/267c	203/22c
Palladium per oz	$113.00	−7.5	$159.00	$162.25	$112.00
Platinum per oz	$251.75	−17	£273.75	$411.25	$248.00
Quicksilver (76 lbs)	$290/300	−5	$295/305	$316.13	$285/295
Silver per oz	523.60p	−33.50	652.55p	679.70p	509.85p
3 months per oz	540.55p	−34.45	585.50p	694.40p	522.20p
Tin cash	£10,105	+47.5	£8447.5	£10,201.5	£8370
3 months	£10,135.5	+59	£8575	£10,201.5	£8517.5
Tungsten Ind	$75.58	—	$75.07	$82.55	$73.44
Wolfram (22.04 lb.)	$72/75	−1.5	$75/80	$86/90	$64/68
Zinc cash	£835	+7.5	£662.5	£838.5	£592.5
3 months	£811	+1.5	£667.5	£819.75	£594.5
Producers	$900/940	—	$1,050	$1050/1080	$900
GRAINS					
Barley Futures	£115.55u	+0.10	£120.15	£123.55	£105.65
Maize French	£149.00	—	£147.50	£154.50	£145.00
WHEAT Futures	£117.30u	+1.20	£124.65	£130.50	£105.55
SPICES					
Cloves	‡	—	$5,200	$5,500	$4,000
Pepper white	$3,425	—	$3,350	$3,500	$2,900
black	$2,425	—	$2,100	$2,425	$1,800
OILS					
Coconut (Philippines)	‡	—	$1,120	$1,575	$730
Palm Malayan	‡	—	$675	$1,000	$550
SEEDS					
Copra (Philippines)	$500z	−10	$700	$865	$450
Soyabeans (U.S.)	$236.5w	—	$312.25	$358.2	$236.75
OTHER COMMODITIES					
Cocoa Futures May	£2189.5	+11	£1736.5	£2,266.5	£1638
Coffee Futures May	£2431.5	+14.5	£1928	£2,512	£1,899.5
Cotton Index	‡	—	87.95c	90.10c	67.75c
Des. Coconut	£1,175	−25	£1,090	£1,345	£995
Gas Oil Fut. April	$219.25	+1	$246.25	$257.75	$214.25
Jute LJA BWC grade	$890	—	$510	$890	$485
Rubber kilo	69p	+2	81p	91p	58p
Sisal No. 3L	$540	−10	$650	$670	$650
Sugar (Raw)	$112z	−0.5	£112	$194	$92
Tea (quality) kilo	306p	—	300p	575p	267p
(low med) kilo	214p	—	222p	280p	196p
Wooltops 64s Super	515p kilo	+9	464p kilo	525p kilo	483p kilo

‡ Unquoted. (g) Madagascar. § Ghana cocoa. (x) April. (w) Feb-Mar. (z) March-April. (u) May.

REVIEW OF THE WEEK

Markets unsettled by currency fluctuations

BY OUR COMMODITIES STAFF

THE VIOLENT fluctuations in currency values, particularly the dollar, dominated the London commodity markets this week. The metal markets especially were in a state of turmoil as traders frantically tried to adjust sterling prices in line with the changes in the value of the dollar and the trend in U.S. quotations.

The week opened with the strong dollar forcing gold prices to the lowest level for 5½ years, dropping to $284.75 an ounce.

Dealers said that the market's decisive breakthrough below $300 an ounce triggered off some heavy selling by investors, who had previously thought this was a rock-bottom level. The sharp fall in the value of the dollar brought only a limited recovery in gold which still ended the week $11.75 down at $287.25 an ounce.

Considerable uncertainty remains about whether or not the dollar has suffered only a temporary setback. At the same time news that the Hunt brothers are belatedly to be charged with manipulating the silver market has renewed fears that they may be forced sellers of their silver holdings to meet losses suffered in their other trading activties.

Silver and platinum prices followed the downtrend in gold ending the week well down in spite of rallying after the decline in the value of the dollar.

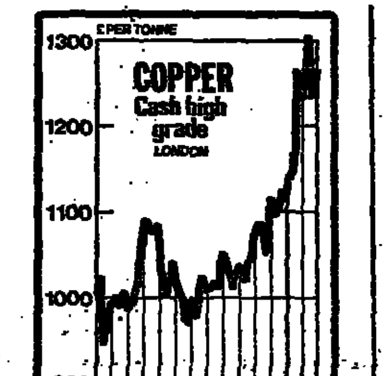
There was a mixed reaction on the London Metal Exchange base metal markets. Copper values dropped sharply at one stage, depressed by the fall in the dollar, a cut in U.S. domestic selling prices by producers and a smal rise in the LME warehouse stocks. Most of the earlier losses, however, were recouped in the latter part of the week when the dollar staged a partial recovery.

Zinc values hit the highest level for 12 years as the squeeze on immediately available supplies tightened forcing the cash price up to a peak of £838.5. After coming back sharply on the decline in the dollar it rallied yesterday to £835 a tonne, £7.5 up on a week ago.

Encouraging the uptrend was the move by producers to lift the European zinc producer price by $40 to $940 a tonne. However, yesterday Metallgesellschaft, the West German smelter, caused some confusion by announcing it was increasing its producer quotation by only $25 to $925.

Lead was hit by further reductions in U.S. producer prices and some heavy speculative selling. However nickel and tin hit record levels (in sterling terms) early in the week before coming back sharply on Wednesday.

Aluminium moved in a narrow range, bolstered at the end of the week by news of further ducers.



Cocoa and coffee remained the most active "soft" (non-metal) commodity markets, influenced both by currency changes and pressure on immediately available supplies. Coffee prices reached the highest level since last August at £2,456.5 before ending the only £14.5 up at £2,431.5 a tonne.

There was little reaction to the Brazilian Coffee Institute lowering its forecast for the 1985/86 crop from 28.7m to 26m bags (of 60 kilos) compared with a revised estimate of 21m bags for the 1984/85 crop.

BASE METALS

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1271-2	+27.2	1264-5	+15.5
3 months	1287-8	+21.7	1284-5	+14.2
Settlem't.	1273	+28	—	—
Cathodes				
Cash	1255-7	+15.5	1254-61	+14
3 months	1281-2	+21	1278-80	+15
Settlem't.	1257	+16	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,272, 73, 71, three months £1,284, 84.5, 85, 84, 85, 86, 87, 86, 85.5, 86, 88, 89, 88. Cathodes: Three months £1,280, 81. Kerb: Higher Grade: Three months £1,288, 87, 86.5, 86, 85, 84, 84.5. Afternoon: Higher Grade: Three months £1,285, 86, 86.5, 86, 85, 85.5, 85. Kerb: £1,285, 84, 83, 82, 81, 80, 81, 81.5, 81, 80, 79, 80, 81, 82. Turnover: 37,125 tonnes. U.S. Producers: 62.50-67 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	10055-65	−51	10110-20	—
3 months	10115-20	−27.5	10145-55	+7.5
Settlem't.	10065	−47	—	—
Standard.				
Cash	10055-65	−52.5	10100-10	+5
3 months	10100-5	−35	10156-7	+8.5
Settlem't.	10065	−50	—	—
Straits. E.	$29.15	—	—	—

Tin — Morning: Standard: Cash £10,070, 65, three months £10,140, 35, 40, 45, 35, 25, 20, 10, 05, 10,100. High Grade: Three months £10,112. Afternoon: Standard: Three months £10,100, 10, 08, 15, 20, 25, 30, 35, 37, 35, 36. Kerb: Three months £10,130, 35. Turnover: 1,750 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	325-6	+3.75	322.5-3.5	+1.5
3 months	336-.5	+4	333.5-4.5	+2.25
Settlem't	326	+4	—	—

Lead—Morning: Three months £334, 35, 35.5, 35. Kerb: Three months £335, 34, 33.5. Afternoon: Three months £335, 34, 33, 34, 33, 33.5. Kerb: Three months £334, 35. Turnover: 7,600 tonnes. U.S. Spot: 18-22 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	838-840	+10	832-8	+4
3 months	810-1	+9	810-2	+4.5
Settlem't	840	+10	—	—

Zinc. High Grade Official/Unofficial prices: cash am £840-844, pm £832-838, three months am £830-835, pm £830-835; settlement £844.

Zinc—Morning: Cash £840. Kerb: Standard: Three months £810. Afternoon: Three months £810. Kerb: Three months £810, 11. Turnover: 12,800 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ALUMINIUM

Alumn'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1012.5-3.5	+4.5	1017-8	+11
3 months	1047-8	+5.25	1053-4	+12

Aluminium—Morning: Three months £1,055, 48. Kerb: Three months £1,051, 52, 51, 50. Afternoon: Three months £1,052.5, 53, 54. Kerb: Three months £1,053, 52, 51, 50, 49, 50. Turnover: 23,325 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4770-5	+107.5	4770-5	+77.5
3 months	4815-20	+115	4805-10	+75

Nickel—Morning: Cash £4,775, three months £4,820, 05, 08, 10, 20. Kerb: Three months £4,815, 10, 05, 4,790, 85, 80. Afternoon: Three months £4,800, 06, 10. Kerb: Three months £4,810. Turnover: 2,112 tonnes.

SILVER

Silver was fixed 0.25p an ounce higher for spot delivery on the London bullion market at 523.6p. U.S. cent equivalents of the fixing levels were: spot 560.5c, down 11c; three-month 572.85c, down 11c; six-month 587.5c, down 11.35c; and 12-month 616.95c, down 12.4c. The metal opened at 518¼-521½p (560-563c), and closed at 525-528p (563-568c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	523.60p	+0.25	526.5p	+4.5
3 months	540.55p	+0.80	544p	+4.5
6 months	556.90p	+0.95	—	......
12months	587.95p	+0.80	—	......

LME — Turnover: 160 (29) lots of 10,000 oz.

Morning: 2nd ring three months 541. Kerb: three months 540. Afternoon: 2nd ring three months 544, 43. Kerb: three months 547.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	2204-2209	+11.5	2210-2190
May	2189-2190	+15.5	2195-2169
July	2167-2168	+14.5	2173-2150
Sept.	2139-2140	+2.0	2155-2136
Dec.	2020-2028	+10.0	2027-2020
Mar.	2015-2020	+11.5	2017-2011
May	2010-2020	+13.0	2010

Sales: 3,206 (2,955) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for March 1: 100.30 (100.52); five-day average for March 4: 100.77 (100.93).

COFFEE

COFFEE	Yesterd'ys Close	+ or —	Business Done
March	2384-85	−6.0	2400-64
May	2431-32	−6.0	2445-15
July	2470-72	−3.5	2484-58
Sept.	2503-08	+1.5	2513-85
Nov.	2510-18	+4.0	2510.90
Jan	2480-85	−5.0	2485-75
March	2440-80	−5.0	—

Sales: 3,461 (4,329) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for February 28: Comp daily 1979 129.83 (131.34); 15-day average 132.25 (132.72).

GRAINS

Business done—Wheat: 113.35-3.25, May 117.50-7.00, July 120.50-20.30, Sept 96.30-6.20, Nov 99.50 only, Jan 103.20-3.05. Sales: 292 lots of 100 tonnes. Barley: May 112.00 only, Sept 16.00-5.75, Nov 96.50-6.40, Jan 100.00 only. Sales: 37 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Mar.	113.35	+0.85	112.00	−0.05
May	117.30	+0.80	115.75	+0.20
July	120.40	+0.60	—	—
Sept.	96.40	+0.20	96.50	—
Nov.	99.50	+0.10	100.10	+0.10
Jan	103.20	+0.25	103.85	+0.10

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent March 181.55, April/May 169.15, June 169.35 transhipment east coast. U.S. no 2 Soft red winter March 161.25, April/May 162.25. EC French July 118 cif free out south/west coast. English feed fob March 114.75, April 117 sellers east coast. Maize: U.S. no 3 yellow/French transhipment east coast March 149. Barley: English feed fob March 117 seller Peterhead. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: E. Mids 111.40, N East 111.40, Scotland 112.90. The UK monetary coefficient for the week beginning Monday March 11 (based on HGCA calculations using 3 days' exchange rates) is expected to remain unchanged.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
April	108.20	108.40	108.30-108.00
June	106.10	106.40	106.10-106.00
Aug.	102.70	103.00	102.80-102.50
Oct.	108.30	108.50	108.50
Nov.	109.30	109.40	109.30
Feb.	100.80	101.50	101.00

Sales: 55 (49) lots of 50 carcases, 3,250 kg.

RUBBER

PHYSICALS — The London market opened higher, attracted little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 68.00p (67.00p); April 74.50p (74.00p); May 75.25p (74.50p). The Kuala Lumpur fob price for RSS No 1 was 184.5 (184.0) cents a kg and for SMR 20 187.0 (same).

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	48.50	45.60	48.50-45.50
May	70.60	47.80	48.80-47.70
Nov.	72.50	72.60	71.50-70.60
Feb.	79.80	80.40	81.50-79.80

Sales: 388 (280) lots of 40 tonnes.

SOYABEAN MEAL

	Yesterday close	+ or —	Business Done
	£ per tonne		
April	143.5-144.0	+0.55	143.8-143.5
June	137.3-137.5	+1.20	137.7-136.8
August	138.8-139.4	+0.80	139.5-139.0
October	144.3-145.3	+0.25	—
Dec.	150.6-151.6	+0.20	—
Feb.	156.8-158.2	+0.35	—
April	157.5-159.0	−0.15	—

Sales: 276 (1,030) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $112.00 (£104.00), down $3.00 (down £1.00) a tonne for March-April delivery. White sugar $135.00, down $2.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	119.8-120.0	116.2-116.4	120.0-118.6
Aug.	127.6-127.8	124.4-125.0	127.8-124.6
Oct.	135.0-136.2	132.0-152.4	135.0-125.4
Dec.	141.0-142.4	138.4-139.6	140.4
Mar.	156.8-156.4	155.4-156.0	156.0-156.8
May	160.8-161.4	163.6-153.8	160.8-156.0
Aug.	169.8-171.0	—	—

Sales: 2,157 (1,776) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £210.00 (£213.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for February 28: Daily price 3.90 (3.76); 15-day average: 3.67 (3.65).

C5 vehicle on sale at electrical shops

MORE THAN 400 electrical shops yesterday started to sell Sir Clive Sinclair's C5 electric vehicle. Initially more than 200 Comet Group stores and some Woolworth stores will have it in stock.

They will be joined in central and northern England by Wigfalls, by Leeds-based Vallances, and, in the south, by Rayfords.

OIL

Brent and WTI firmed 35c, while Gulf grades also edged a little higher. Nymex traded up 27c by 1 pm EST. In the petroleum products market gas oil remained quiet, as traders remained undecided over the market direction. Heavy fuel prices fell again with little interest reported into the UK and ample supply from the Mediterranean and the Benelux countries — Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	27.70-27.75	+0.025
Arab Heavy	26.60-26.70	+0.05
Dubai	27.00-27.05	—
Brent Blend	27.50-27.60	+0.325
W.T.I. (1pm est)	26.95-27.60*	+0.35
Forcados (Nigeria)	27.75-28.20	−0.125
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif ($ per tonne)		
Premium gasoline	246-248	—
Gas Oil	238-240	—
Heavy fuel oil	175-179	−5

*April. Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
March	228.25	+2.50	229.00-27.00
April	219.25	+2.50	219.75-16.25
May	214.50	+2.00	215.50-14.25
June	211.50	+1.00	212.50-11.50
July	211.75	+2.25	212.00-11.75
Aug	214.00	+0.50	—

Turnover: 1,464 (1,790) lots of 100 tonnes.

GOLD

Gold fell $1½ on the London bullion market yesterday, to $287-$287½. It opened at $287½-$288 and was fixed at $288.10 in the morning and $287.25 in the afternoon. The metal touched a high of $288½-$288 and a low of $286¾-$287¼.

BULLION (fine ounce) Mar. 1

Close	$287-287¼	(£267¾-268¼)
Opening	$287½-288	(£266¼-266¾)
M'n'g fix.	$288.10	(£267.553)
A'n'n fix.	$287.25	(£268.082)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$296¼-297	(£276½-277½)
½ Krug.	$152¼-153¼	(£142¼-143)
¼ Krug.	$77¼-78	(£72-72¾)
1/10 Krug.	$31¼-32	(£29¼-29¾)
Mapleleaf	$296½-297¼	(£276¾-277½)
New Sov.	$69-69½	(£63¾-39)
½ New Sov	$41-41½	(£64-65½)
Old Sov.	$68½-70	(£420-449)
$20 Eagle	$450-480	(£942½-245½)

INDICES

FINANCIAL TIMES

Feb. 28	Feb. 27	M'th ago	Year ago
295.73	295.41	298.91	293.40

(Base: July 1 1952 = 100)

REUTERS

Mar. 1	Feb. 28	M'th ago	Year ago
2020.7	2015.6	2006.9	1945.2

(Base: September 18 1931 = 100)

MOODY'S

Feb. 28	Feb. 27	M'th ago	Year ago
950.7	960.3	—	1051.1

(Base December 31 1931 = 100)

DOW JONES

Dow Jones	Feb. 28	Feb. 27	Month ago	Year ago
Spot	117.38	117.45	—	138.01
Fut.	120.37	120.52	—	140.91

(Base: December 31 1974 = 100)

AMERICAN MARKETS

PRECIOUS METALS were locked into a narrow trading range, around unchanged levels, reports Heinold Commodities. Copper retreated on arbitrage activity and on technical selling. Aluminium declined fractionally on limited trade selling and long liquidation. Sugar firmed up following the strong expiration of the March contract with commission houses being the principal buyers. Heating oil traded steady to firm on tightness prevailing in the spot market both in crude oil and the distilates. Coffee moved higher on light dealer buying as most traders were awaiting news on the quota withdrawal news. Cocoa declined as producer selling and lack of manufacturer interest pressed values in light trading. Cotton firmed reflecting a lack of producer offers and a low level of delivery notices. Soyabeans traded lightly and were supported by moderate buying in the oil and meal.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	48.75	48.85	48.80	48.50
April	49.15			49.35
May	49.60	49.90	49.40	49.80
July	50.45	50.75	50.55	50.65
Sept	51.30	51.35	51.35	51.50
Dec	52.50	—	—	52.70
Jan	52.90	—	—	53.10
March	53.70	—	—	53.90
May	54.50	—	—	54.70
July	55.30	—	—	56.50

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2129	2138	2127	2140
May	2158	2161	2140	2163
July	2133	2137	2121	2141
Sept	2117	2120	2107	2121
Dec	2033	2035	2018	2036
March	2022	2028	2016	2028
May	—	—	—	2028
July	—	—	—	2028

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
March	140.39	40.45	38.40	39.60
May	140.55	40.70	39.25	39.96
July	140.62	40.75	39.30	39.93
Sept	139.77	39.84	38.55	39.15
Dec	138.79	38.85	37.75	38.38
March	137.84	—	—	37.28
May	136.59	—	—	36.35
July	135.38	—	—	35.10

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	58.30	58.95	58.20	58.65
April	58.75			59.10
May	59.30	59.85	59.25	59.60
July	60.00	60.55	59.90	60.35
Sept	60.55	61.10	60.50	60.90
Dec	61.30	61.90	61.30	61.70
Jan	61.55	—	—	61.95
March	62.00	62.60	62.30	62.45
May	62.45	63.00	62.90	62.95
July	62.96	63.40	63.40	63.45

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	64.11	64.30	63.75	63.75
May	64.27	64.50	64.21	64.18
July	64.70	64.99	64.60	64.70
Oct	64.95	65.25	65.10	64.95
Dec	65.15	65.50	65.15	65.20
March	66.30	66.30	66.30	66.11
May	66.83	67.15	67.05	66.93
July	67.15	67.40	67.40	67.45

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
April	27.18	27.20	26.83	26.73
May	26.85	26.88	26.23	26.08
June	26.30	26.33	25.93	25.77
July	26.00	26.00	25.75	25.54
Aug	25.74	25.74	25.74	25.45
Sept	—	—	—	25.41
Oct	—	—	—	25.41
Nov	25.75	25.75	25.70	25.45

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	289.9	289.0	286.4	287.0
April	291.6	292.0	288.0	288.7
May	293.7	292.0	292.0	290.8
June	295.9	296.3	292.2	293.0
Aug	300.5	300.5	297.3	297.5
Oct	305.4	306.0	301.8	302.3
Dec	310.8	310.0	306.9	307.5
Feb	316.3	313.0	313.0	312.9
April	321.8	—	—	318.3
June	327.8	—	—	324.2
Aug	334.1	—	—	330.4
Oct	340.4	—	—	336.7
Dec	349.8	—	—	343.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
April	72.85	72.90	72.35	71.82
May	69.70	69.80	69.30	68.98
June	68.50	68.55	68.10	68.00
July	69.40	68.45	68.15	68.00
August	69.10	—	—	68.15

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
March	164.25	64.20	63.20	64.35
May	167.90	68.00	67.10	68.10
Sept	168.40	—	—	68.10
Nov	166.80	—	—	68.60
Jan	165.75	—	—	65.70
March	165.75	—	—	65.70
May	165.75	—	—	65.70
July	165.75	—	—	65.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	249.2	—	—	248.4
April	250.1	251.5	247.0	249.3
July	254.8	255.5	252.0	254.0
Oct	260.3	261.0	258.0	259.1
Jan	266.8	268.0	264.0	264.6
April	272.0	—	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	571.6	576.0	559.0	562.5
April	575.0	—	—	566.0
May	579.0	589.0	566.5	570.0
July	588.3	592.0	575.0	579.2
Sept	598.6	601.0	587.0	589.4
Dec	615.4	614.0	603.5	605.9
Jan	621.2	619.0	619.0	611.5
March	632.7	622.0	620.5	622.7
May	644.9	638.5	638.5	634.7
July	657.6	657.0	646.0	647.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	4.29	4.30	4.16	4.12
July	4.58	4.62	4.48	4.43
Sept	4.82	4.88	4.82	4.69
Oct	5.02	5.03	4.90	4.83
Jan	5.54	—	—	5.43
March	5.99	5.99	5.90	5.83
May	6.20	6.20	6.13	6.11
July	6.38	6.44	6.40	6.36

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	65.07	65.30	64.95	65.02
June	67.12	67.32	67.05	67.37
Aug	66.15	66.27	65.90	66.12
Oct	64.55	64.65	64.40	64.52
Dec	66.02	66.15	65.85	66.10
Feb	66.55	66.70	66.50	66.80

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
April	46.77	46.85	46.35	46.62
June	51.87	51.95	51.35	51.65
July	53.15	53.20	52.45	52.77
Aug	52.37	52.42	51.57	51.75
Oct	47.80	47.80	46.95	47.15
Dec	47.75	47.75	47.50	47.60
Feb	48.15	48.15	47.95	48.00
April	46.00	46.00	46.00	46.00

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	264.2	265.0	263.6	264.2
May	270.6	271.2	270.4	271.2
July	273.6	274.2	273.4	274.4
Sept	267.2	268.2	267.2	267.6
Dec	262.2	263.2	262.2	263.0
March	271.2	272.0	271.0	271.4
May	276.4	277.0	276.0	276.2

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
March	72.60	72.72	70.25	70.75
May	72.55	72.62	70.25	70.72
July	72.15	72.35	70.25	70.60
Aug	70.10	70.25	68.20	68.65
Feb	71.10	71.25	69.70	70.30
March	70.27	70.60	69.75	69.50

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	565.4	567.0	560.4	560.6
May	576.4	578.0	572.4	573.0
July	587.2	588.0	583.0	584.4
August	589.4	590.0	586.0	587.2
Sept	587.0	587.4	585.0	583.4
Nov	591.4	592.4	589.0	588.6
Jan	602.0	603.0	600.4	599.4
March	614.0	614.0	612.4	612.0
May	622.0	—	—	620.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	126.1	126.4	124.2	124.3
May	132.0	132.5	130.1	130.3
July	137.5	138.0	135.6	135.8
August	140.2	140.5	138.5	138.5
Sept	142.3	142.5	141.5	141.0
Oct	144.7	145.0	143.5	143.4
Dec	149.7	150.2	148.8	148.5
Jan	151.7	152.3	151.3	150.8
March	158.0	158.0	157.5	157.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	28.18	28.40	28.03	28.32
May	27.14	27.40	27.07	27.26
July	26.48	26.70	26.45	26.63
August	26.12	26.15	26.05	26.20
Sept	25.62	25.65	25.60	25.65
Oct	25.00	25.15	25.00	25.15
Dec	24.45	24.65	24.40	24.63
Jan	24.36	24.55	24.32	24.52

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	347.2	348.0	345.6	346.2
May	337.2	338.0	336.0	336.2
July	326.4	327.0	325.4	326.2
Sept	327.2	328.4	326.6	327.4
Dec	337.6	338.4	336.6	337.4
March	343.0	343.0	341.4	342.4

SPOT PRICES—Chicago loose lard 23.50 (23.75) cents per pound. New York tin 495.0-515.0 (505.0-17.0) cents per pound. Handy and Harman silver bullion 586.0 (584.5) cents per troy ounce.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity markets unsettled by fund-raising fears
Gilts lower in calmer trading conditions

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18
Mar 11	Mar 21	Mar 22	Apr 1

* "New-time" dealings may take place from 9.30 am two business days earlier.

An eventful week in London financial markets ended on a rather drab note yesterday. Leading shares tended to flag under the weight of persistent funding: ICI yesterday successfully completed a vendor placing of 18m shares at around 824p in connection with the acquisition of Beatrice Chemicals. This followed calls earlier in the week for funds amounting to £122m from Fisons and J. Bibby.

Against this backdrop, talk of further cash calls, in particular from one of the clearing Banks, caused the undertone in equities gradually to deteriorate. Selling was relatively modest, but buyers went to ground and blue chip industrials drifted lower for most of the trading session. A small late technical rally left quotations a little above the worst and the Financial Times Ordinary share index which touched its lowest of the day at 3 pm with a loss of 7.2, closed 4.9 off on balance at 975.0.

ICI were volatile and moved between extremes of 835p and 855p before settling at 842p for a rise of 7 on the day. Among the sectors, Bank shares weakened, while revived fears about crude oil prices undermined sentiment in the Oil *market. Overall trading conditions were very quiet,* but there were still a number of bright spots mainly resulting from speculative activity.

Gilt-edged securities settled down to a much more orderly trading session *after the* previous day's gyrations which followed the Chancellor's surprise move to close the tax loophole of "bond washing." Although movements again partly reflected adjustments in the wake of the new proposals, conventional stocks trended lower with sterling and in anticipation of further Government funding. The authorities duly announced *the issue of further tranches of* index linked stocks, £150m of Treasury 2½ per cent 2009 and £150m of Treasury 2½ per cent 2016. Most conventional stocks, which had sustained losses extending to ⅜ at the official close, rallied slightly in the late dealings. Index-linked, however, traded firmly throughout the session and extended Thursday's sharp gains by an ⅛ and more in some cases.

Barclays nervous

Strong rumours that Barclays would announce a rights issue with next Thursday's preliminary results prompted a fall of 10 to 598p in the latter's shares and also unnerved the other major clearing banks. NatWest, which opens the dividend season on Tuesday, fell away to 630p before recovering a shade late to finish a net 14 down on balance at 638p. **Midland** — annual figures due on Wednesday — fell 9 to 338p, *after 335p, while* **Lloyds** *lost 12* at 540p, after 535p; the latter will bring the season to a close next Friday. Elsewhere, merchant banks came on offer in places with **Hambros** closing 5 lower at 160p and **Kleinwort Benson**, 10 off at 460p; the latter's annual results are scheduled for March 12.

Fund-raising rumours also affected Composite Insurances ahead of their annual reporting season which starts next week. Quotations drifted lower on small offerings and **Commercial Union**, which announce their figures on Monday, closed 3 off at 176p. Elsewhere, perennial *takeover favourite* **Hogg Robinson** featured with a speculative gain of 7 at 278p, after 281p.

Leading Building Material issues were unable to repeat the steady progress of recent days and turned easier following a broker's cautious view of the sector. Selling was light, however, and falls rarely exceeded a couple of pence. Elsewhere, **Burnett and Hallamshire**, which plummeted from 135p to 65p on Thursday on news that the group is in discussions with its principle bankers about reducing debts and limiting exposure to its Californian property interests, gave a steadier performance and rallied 5 to 70p, but still ended a net 95 down on the week. **Magnet and Southerns**, a firm counter in recent days following a meeting with brokers, encountered profit-taking and fell 10 to 118p. Further demand in a restricted market lifted **Baggeridge Brick** 13 to 255p for a gain on the week of 35.

Fraser good again

House of Fraser made further progress after hours [illegible] bid talk and closed 18 up for a two-day advance of 24 at a 1984-85 peak of 346p; **Lonrho** firmed 3 to 165p. Other leading Retailers drifted lower in subdued trading. **Debenhams** gave up 4 more to 204p, as did **Marks and Spencer** at 134p. Secondary counters featured fresh strength in takeover chestnut **Waring and Gillow** which jumped 23 to 140p on strong rumours that 8 per cent of the equity had changed hands outside the market at around 180p per *share. Recovery prospects and* continuing bid hopes lifted **Ratners** 3 for a five-day rise of 16 at 62p, while speculative demand was also noted for **Lanca**, 15 dearer at 140p. In contrast, sellers held sway in **Goldsmiths**, 14 lower at 194p.

Leading Electricals ended the week on a drab note. **Plessey** came on offer at 182p, down 6, while **Thorn EMI** relinquished 5 at 443p and **GEC** gave up 4 at 198p. Elsewhere, **Oxford Instruments** jumped 13 more for a two-day advance of 35 to 278p on persisting rumours of a bid from **Ferranti**; the latter, however, fell 10 to 146p on talk of a large line of shares overhanging the market. **Applied Holographics** revived with a rise of 25 at 255p and **Pressac** attracted renewed speculative support and finished 12 to the good at 116p. **Resource Technology** put on 6 to 40p following the interim figures, but **Arlen** dropped to 28p *before closing 4 lower at* 31p after the disappointing half-year statement. **United Leasing** declined 20 to 305p and **TDS Circuits** dropped 40 to 445p, both in thin markets.

Vickers, which reported a near-58 per cent increase in annual profits to £30.8m on Monday, ended the week on a firm note, rising 9 to 250p in response to rumours, later strongly denied by official sources, that the company had sold its Millbank tower headquarters. Other Engineering majors drifted lower for want of fresh support. **TI**, preliminary figures scheduled for March 14, cheapened 4 to 234p, while **GKN** lost the turn to 212p. Elsewhere, **J. and H. B. Jackson** advanced 7 more on bid speculation to make a rise of 19 on the week at 84p. Comment on the strong profits recovery helped **Williams Holdings** rise 15 to 230p, after 235p, but **Westland** declined 8 to 115p following adverse comment. **Birmingham Mint** cheapened 10 at 208p and **Ransomes Sims and** *Jefferies eased 5 to 545p;* the latter's annual figures are due on Monday.

Some of the Food sector's recent favourites gave ground on profit-taking. **Northern Foods** eased for this reason and settled 8 off at 220p. **Bernard Matthews**, a firm counter of late in the wake of publicity given to the company's expansion programme, came back sharply to close a net 25 down at 295p. **S. and W. Berisford** were also dull at 169p, down 6, while **Unigate** slipped 3 to 143p and **Tate and Lyle** softened 4 to 463p. **Cadbury Schweppes**, however, fluctuated narrowly before closing unchanged at 167p; the annual results are due next Thursday. Among Retailers, **J. Sainsbury** remained out of favour and shed 4 to 294p, but **Tesco** were deemed an oversold market and rallied a couple of pence to 226p. **Albert Fisher** continued to attract buyers and added 2 more to 134p.

Recently firm **Metal Box** cheapened 11 to 412p following publicity given to a broker's downgraded profits forecast. Among other miscellaneous industrial leaders, **Beecham** gave up 5 at 347p and **BOC** relinquished 4 at 291p. **Reed International**, on the other hand, moved up 10 to 550p on news *of the sale of its decorative products* division to Borden of the U.S. and the announcement that its Sanderson operations are also up for sale. Elsewhere, **British Syphon** continued to draw strength from a broker's circular and jumped 11 afresh to 133p, while **Scapa** reflected Press comment with a rise of 13 at 520p. **Newman Industries** were popular at 27p, up 6, but profit-taking clipped a couple of pence from **Ashley Industrial Trust** at 25p, after 23p.

Nationwide Leisure firmed 1½ to 26p in reply to the good annual results.

Motor Distributors returned to favour under the lead of **T. Cowie** which rose 4 more to 50p in belated response to the doubled preliminary profits. **Lex Service**, due to reveal annual results next Wednesday, advanced 10 to 230p. Demand was also evident for **Frank G. Gates**, *4 up at 69p,* and **Adams and Gibbon**, 8 better at 206p. Elsewhere, **Jaguar** firmed 6 to 328p in late trading following the boardroom changes, while **Group Lotus** continued its recent rerating following talk of a link with Chrysler and put on 3 for a gain on the week of 15 at 91p.

Perennial takeover favourite **DRG** attracted renewed support and advanced 9 to 169p, with sentiment additionally buoyed by good results from its New Zealand and Canadian subsidiaries. **Bunzl** spurted 18 to 438p, after 441p, following the sale of its stake in engineering concern **Brammer**, 11 lower at 306p. **Huntersprint** responded to speculative demand with a rise of 26 to 223p, but **British Printing and Communication** eased in late trading and closed 4 off at 184p.

Shippings were irregular. Buyers displayed enthusiasm for **Ocean Transport**, 6 up at 158p and for **James Fisher**, 11 higher at 113p, but profit-taking clipped 5 from **Milford Docks** at 72p. **P&O**, firm of late as the bid for Sterling Guarantee Trust went fully unconditional, shed 10 to 355p.

Tobaccos were volatile. **Imps**, down to 180p earlier following adverse Press comment, rallied on bear closing to settle only 2 lower on balance at 185p.

London and Strathclyde Trust dipped 10 to 183p on news that the bid discussions, first announced on February 20, have been terminated.

Oils easier

Major oil issues lost ground during the early part of the day, reflecting a general lack of buying interest and nervous selling ahead of the first set of preliminary results from the leading stocks; **BP** are scheduled to report annual results on Thursday. The latter fell away to 521p in mid-morning but subsequently rallied following the upturn in crude oil spot markets to close only 5 off at 525p, *leaving the* shares 40 lower on the week. **Shell** eased to 750p before recovering to end the day marginally better on balance at 760p while **LASMO**, down to 333p around midday, settled a net 9 cheaper at 342p. **Ultramar**, due to announce their results on March 13, hardened 3 to 198p, while **Britoil**, reporting on March 21, were a shade easier at 205p, after 203p.

Oilfield Inspection Services rounded off a week of strong gains with a further 5 improvement at 140p—a five-day rise of 45—following persistent speculative buying.

Rand London weak

The erratic nature of trading in currencies ensured a difficult day for dealers in overseas-registered mining issues. South African Golds were a prime example. The rand remained *volatile* throughout the session and generally deterred South African operators, while the decline in sterling against the dollar and other leading currencies prompted good support for Gold from overseas investors, most notably from a number of Continental sources.

Consequently, closing quotations in sterling were generally well up on Thursday evening's levels and the Gold Mines index posted a gain of 11.0 at 476.5.

The interim dividends from the Evander mines in the Gencor group were generally well received — **Kinross** rose ½ to £15, **Leslie** 19 to 252p and *Winkelhaak* ½ to £26⅛.

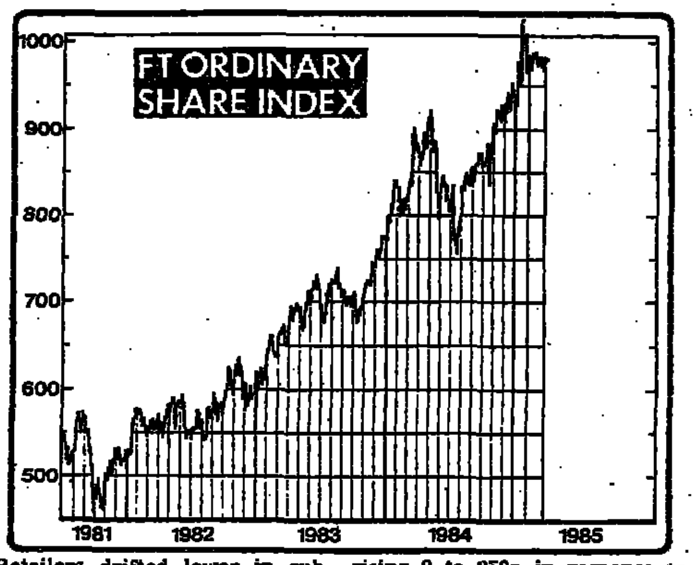
Among the leading heavyweights gains were usually restricted to around ⅛ to ½ with **Doornfontein**, £12½, **Libanon**, £16⅝ and **Southvaal**, £33½ all showing rises within this band.

South African Financials moved in a narrow range, with interest in this sector discouraged by the substantial movements in the rand rate. **De Beers**, reporting preliminary figures on Tuesday week, managed a minor gain at 414p and **Gold Fields of South Africa** hardened ¼ to £12. **Rand London**, on the other hand, were heavily sold by UK operators following the steep decline in shares of Burnett and Hallamshire, which has a majority holding in Rand London and dropped to 23p prior to closing a net 5 off at 24p.

London-domiciled Financials failed to arouse much enthusiasm. **Consolidated Gold** *Fields eased a couple of pence* to 498p ahead of the interim results scheduled for Tuesday.

Australians lacked a decided trend. **Peko-Wallsend** were a vulnerable market and slipped back to close 14 cheaper at 254p.

Demand for Traded Options increased from recent relatively *depressed levels. Total contracts* struck amounted to 9,140 bringing the week's daily average to 7,346. The FT-SE 100 accounted for 412 calls and 587 puts. Understandably, much of yesterday's activity centred on ICI which attracted 1,770 calls and 826 puts, while **Lonrho** also returned to the fore and recorded 540 calls and 219 puts, 205 of the later being done in the May 160's.



FINANCIAL TIMES STOCK INDICES

	Mar. 1	Feb. 28	Feb. 27	Feb. 26	Feb. 25	Feb. 22	year ago
Government Secs.	80.17	80.56	80.22	79.29	79.32	79.32	83.12
Fixed Interest	83.69	83.75	83.71	83.17	82.98	83.60	86.81
Ordinary	975.0	979.9	980.2	975.0	968.0	975.2	858.9
Gold Mines	476.5	465.5	468.1	448.7	441.4	456.2	673.5
Ord. Div. Yield	4.47	4.45	4.44	4.45	4.46	4.45	4.39
Earnings, Yld.% (full)	11.36	11.12	11.11	11.12	11.14	11.06	9.42
P/E Ratio (net) (*)	10.54	10.80	10.81	10.80	10.78	10.86	12.83
Total bargains (Est.)	25,334	25,013	24,601	27,563	27,241	26,334	24,636
Equity turnover £m.	—	360.25	453.85	316.88	299.91	430.51	321.73
Equity bargains	—	19,510	20,879	20,656	22,871	28,698	18,799
Shares traded (ml)	—	185.1	225.6	166.2	176.7	242.7	164.6

10 am 978.8. 11 am 978.4. Noon 976.1. 1 pm 973.0.
2 pm 972.7. 3 pm 973.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
*Nil=10.21.

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	439.5 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 28	Feb. 27
Daily		
Gilt Edged Bargains	161.0	166.7
Equities Bargains	126.4	135.3
Equities Value	728.2	917.3
5-day Average		—
Gilt Edged Bargains	165.4	146.0
Equities Bargains	145.9	144.1
Equities Value	782.6	764.1

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, February 28, 1985.

Newspapers, Publishing	+16.09	Food Manufacturing	+ 3.82
Shipping and Transport	+15.90	All-Share Index	+ 2.58
Office Equipment	+14.03	Financial Group	+ 2.10
Textiles	+12.44	500-Share Index	+ 2.04
Chemicals	+11.24	Industrial Group	+ 0.88
Investment Trusts	+10.37	Insurance (Composite)	+ 0.10
Motors	+10.10	Consumer Group	− 0.16
Oils	+ 9.67	Health and H'sehold Products	− 0.27
Metals and Metal Forming	+ 9.27	Leisure	− 1.18
Telephone Networks	+ 7.64	Stores	− 1.52
Other Groups	+ 7.54	Tobaccos	− 2.19
Other Industrial Materials	+ 6.96	Brewers and Distillers	− 2.73
Insurance Brokers	+ 6.53	Gold Mines Index	− 2.80
Merchant Banks	+ 6.24	Property	− 2.96
Mining Finance	+ 6.12	Capital Goods	− 3.30
Mechanical Engineering	+ 5.73	Food Retailing	− 3.42
Overseas Traders	+ 4.83	Electricals	− 5.43
Insurance (Life)	+ 4.51	Building Materials	− 5.96
Packaging and Paper	+ 4.42	Contracting, Construction	− 7.17
Banks	+ 3.85	Electronics	−11.17

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 4	Mar 15	June 13	June 24
Mar 18	Mar 29	June 27	July 8
Apr 1	Apr 19	July 11	July 22

For rate indications see end of Share Information Service

Stocks favoured for the call included Brunswick, Sangers, TI, Bristol Oil and Minerals, North Kalgurli, Churchill Energy, Waring and Gillow, Birmingham Mint, Hawley, Burnett and Hallamshire, Hampton Trust, Charterhall; LCP and Burmah. A put was done in Birmingham Mint, but no doubles were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Fri March 1 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Thur Feb 28 Index No.	Wed Feb 27 Index No.	Tues Feb 26 Index No.	Mon Feb 25 Index No.	Year ago (approx.) Index No.	1984-85 High		1984-85 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	535.63	−0.8	10.04	3.99	12.48	540.05	537.00	532.06	529.99	506.67	577.15	22/1/85	458.90	12/7/84	577.15	22/1/85	50.71	13/12/74
2	Building Materials (23)	477.29	−0.7	13.38	5.25	9.26	480.65	475.71	472.11	473.85	499.31	537.59	27/4/84	402.18	12/7/84	537.59	27/4/84	44.27	11/12/74
3	Contracting, Construction (30)	688.91	+0.2	14.32	5.74	8.95	687.48	697.43	696.89	696.41	770.25	776.48	25/4/84	602.70	19/7/84	831.09	15/3/83	71.48	2/12/74
4	Electricals (15)	1504.98	—	10.73	4.96	11.79	1504.70	1491.17	1483.84	1478.18	1795.80	1802.52	20/3/84	1404.80	24/7/84	1909.93	3/6/83	84.71	25/6/62
5	Electronics (36)	1698.50	−1.8	8.90	2.93	14.53	1730.32	1717.97	1693.22	1684.39	1735.02	2049.05	13/11/84	1581.70	31/5/84	2049.05	13/11/84	1581.70	31/5/84
6	Mechanical Engineering (60)	293.98	−0.2	11.43	4.40	10.44	294.66	293.52	290.24	288.49	238.08	298.10	22/1/85	212.79	3/1/84	298.10	22/1/85	45.43	5/1/75
8	Metals and Metal Forming (8)	182.56	−0.4	12.39	7.11	9.96	183.32	183.91	179.15	179.05	204.65	209.74	13/3/84	153.97	18/10/84	209.74	13/3/84	49.65	6/1/75
9	Motors (18)	159.77	+0.6	11.01	4.73	11.34	158.86	158.31	158.22	155.90	135.26	164.36	11/2/85	132.73	19/7/84	170.59	15/1/69	19.91	6/1/75
10	Other Industrial Materials (16)	897.34	−0.4	5.66	3.23	22.17	900.61	892.52	890.55	887.91	643.98	925.26	18/1/85	592.04	13/7/84	925.26	18/1/85	277.55	15/1/81
21	CONSUMER GROUP (181)	617.58	−0.4	9.48	3.87	12.76	620.21	620.74	619.19	616.33	491.04	652.30	22/1/85	461.40	3/1/84	652.30	22/1/85	61.41	13/12/74
22	Brewers and Distillers (23)	553.81	−0.2	12.23	4.83	10.14	554.71	557.42	555.89	553.08	470.69	593.54	22/1/85	439.89	3/1/84	593.54	22/1/85	69.47	13/12/74
25	Food Manufacturing (21)	496.07	−0.8	11.62	4.63	10.76	500.09	499.81	499.24	498.44	396.28	508.56	15/2/85	356.25	12/7/84	508.56	15/2/85	59.67	11/12/74
26	Food Retailing (13)	1400.36	−0.8	6.80	2.60	19.59	1411.82	1409.84	1413.92	1406.09	1114.71	1502.07	22/1/85	1057.23	10/2/84	1502.07	22/1/85	54.25	11/12/74
27	Health and Household Products (9)	1014.75	−0.1	5.74	2.63	20.38	1016.22	1000.33	1022.72	1012.27	768.83	1088.57	22/1/85	706.26	4/1/84	1088.57	22/1/85	175.38	28/5/80
29	Leisure (22)	684.12	−0.3	8.33	4.80	15.76	685.91	688.75	680.48	675.38	656.20	719.49	22/1/85	522.19	25/7/84	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1703.19	+0.2	6.86	4.38	18.86	1700.16	1700.94	1696.83	1686.37	1268.49	1709.09	8/2/85	1087.65	3/1/84	1709.09	8/2/85	55.08	6/1/75
33	Packaging and Paper (14)	307.76	+1.2	12.85	4.71	8.95	303.97	303.90	303.13	302.08	241.37	319.60	25/1/85	211.47	24/7/84	319.60	25/1/85	43.46	6/1/75
34	Stores (45)●	541.76	−0.9	7.55	3.44	16.06	546.41	547.60	534.37	537.05	444.17	571.63	22/1/85	388.27	12/7/84	571.63	22/1/85	52.63	6/1/75
35	Textiles (19)	336.01	−0.5	11.86	4.24	9.71	337.82	337.54	337.84	329.17	272.89	337.84	26/2/85	243.79	16/7/84	337.84	26/2/85	62.66	11/12/74
36	Tobaccos (3)	878.82	−0.2	14.53	4.45	7.64	880.48	887.25	902.43	893.84	542.46	1010.69	8/2/85	508.50	5/1/84	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (96)	657.65	—	9.30	4.09	13.55	657.29	659.52	660.62	662.35	439.12	683.21	22/1/85	408.65	12/7/84	683.21	22/1/85	58.63	6/1/75
42	Chemicals (17)	806.85	+0.3	12.65	4.49	9.79	804.64	817.05	826.24	828.30	600.82	832.26	22/2/85	543.52	13/7/84	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	180.02	+0.5	7.35	4.64	16.86	179.11	178.48	176.88	175.31	135.70	182.78	8/2/85	109.30	3/1/84	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1104.52	−1.0	6.80	4.50	18.60	1115.81	1101.92	1086.89	1082.61	867.93	1142.89	31/1/85	766.98	12/7/84	1142.89	31/1/85	90.80	29/6/62
46	Miscellaneous (61)	828.88	+0.2	7.87	3.34	15.47	827.55	826.06	827.74	829.97	587.99	862.01	22/1/85	533.90	4/1/84	862.01	22/1/85	60.39	6/7/75
48	Telephone Networks (2)	756.03	—	8.85	4.26	14.74	756.03	758.28	757.24	760.44	0.0	809.51	22/1/85	517.92	30/11/84	809.51	22/1/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)●	615.14	−0.4	9.58	3.96	12.88	617.61	617.50	615.56	614.01	493.39	650.33	22/1/85	456.41	12/7/84	650.33	22/1/85	59.01	13/12/74
51	Oils (17)	1169.64	−0.3	14.91	6.42	8.29	1172.83	1181.97	1204.08	1221.66	1064.95	1239.75	15/2/85	933.37	30/7/84	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)●	661.40	−0.4	10.33	4.31	11.95	663.94	664.57	664.54	664.51	541.31	690.38	22/1/85	500.98	24/7/84	690.38	22/1/85	63.49	13/12/74
61	FINANCIAL GROUP (114)	441.43	−0.7	—	5.03	—	444.35	442.01	441.00	437.24	378.19	459.88	8/2/85	344.83	31/5/84	459.88	8/2/85	55.88	13/12/74
62	Banks (6)	446.86	−1.9	18.78	6.31	6.74	455.37	454.13	454.43	449.97	397.78	482.64	8/2/85	336.01	31/5/84	482.64	8/2/85	62.44	12/12/74
65	Insurance (Life) (8)	607.73	−0.3	—	4.48	—	609.46	597.27	596.02	594.45	475.86	619.14	8/2/85	443.08	31/5/84	619.14	8/2/85	44.88	2/1/75
66	Insurance (Composite) (7)	309.47	−0.8	—	6.03	—	311.84	308.55	307.80	303.16	257.27	324.19	25/1/85	247.22	3/1/84	324.19	25/1/85	43.96	13/12/74
67	Insurance (Brokers) (6)	1095.77	−0.2	7.02	3.16	19.75	1097.92	1107.12	1107.31	1085.93	612.48	1161.47	7/2/85	610.72	1/3/84	1161.47	7/2/85	65.86	16/12/74
68	Merchant Banks (12)	234.15	−0.8	—	4.58	—	236.09	236.18	235.74	233.03	247.99	251.54	11/4/84	184.10	24/7/84	278.57	1/5/72	31.21	7/1/75
69	Property (50)	621.93	+0.1	5.62	3.63	23.67	621.48	620.43	616.90	613.65	556.97	648.74	19/12/84	520.77	10/2/84	648.74	19/12/84	56.01	20/4/65
70	Other Financial (25)	289.33	+0.5	9.03	5.39	13.39	288.01	287.24	285.84	285.94	271.93	296.92	6/2/85	224.07	24/7/84	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	629.86	−0.1	—	3.11	—	630.57	633.12	629.89	626.66	492.28	633.12	27/2/85	457.91	1/6/84	633.12	27/2/85	71.12	13/12/74
81	Mining Finance (4)	289.14	−0.5	10.10	5.26	12.55	290.61	292.90	287.55	287.01	318.91	337.57	10/4/84	250.14	24/7/84	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	656.82	+0.2	9.45	6.34	13.17	655.57	657.47	657.88	652.18	580.89	687.15	22/1/85	485.16	12/7/84	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)●	605.82	−0.4	—	4.38	—	608.28	608.49	607.91	606.89	501.49	627.28	22/1/85	464.84	24/7/84	627.28	22/1/85	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low														
	FT-SE 100 SHARE INDEX	1250.8	−8.9	1257.6	1247.7	—	1259.7	1258.8	1259.5	1259.4		1305.7	22/1/85	986.9	23/7/84	1305.7	22/1/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri March 1	Day's change %	Thur Feb 28	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.03	−0.06	116.10	—	1.72
2	5-15 years	126.09	−0.37	126.59	0.03	2.26
3	Over 15 years	132.20	−0.36	132.87	0.19	1.82
4	Irredeemables	144.95	−0.65	146.24	0.35	1.62
5	All stocks	125.27	−0.26	125.64	0.05	2.02
6	Debentures & Loans	106.30	−0.10	106.41	—	1.48
7	Preference	76.03	−0.08	76.09	—	1.57

	AVERAGE GROSS REDEMPTION YIELDS		Fri March 1	Thur Feb 28	Year ago (approx.)	1984 Highs		1984 Lows	
	British Government								
1	Low	5 years	10.95	10.83	9.85	12.02	30/7/84	9.24	17/1/84
2	Coupons	15 years	10.79	10.72	10.08	11.65	30/7/84	9.88	9/1/84
3		25 years	10.32	10.23	9.74	10.98	23/7/84	9.63	9/1/84
4	Medium	5 years	11.97	11.91	10.58	13.13	30/7/84	10.49	13/3/84
5	Coupons	15 years	11.26	11.19	10.56	12.20	30/7/84	10.41	9/1/84
6		25 years	10.70	10.63	10.02	11.53	23/7/84	9.87	9/1/84
7	High	5 years	12.09	12.01	10.71	13.18	30/7/84	10.62	6/3/84
8	Coupons	15 years	11.49	11.43	10.69	12.30	30/7/84	10.61	13/3/84
9		25 years	10.86	10.81	10.12	11.40	23/7/84	9.98	9/1/84
10	Irredeemables †		10.19	10.12	9.66	10.84	30/7/84	9.54	12/11/84
11	Debs &	5 years	12.29	12.34	11.46	12.99	1/8/84	11.18	22/3/84
12	Loans	15 years	12.15	12.11	[illegible]	13.04	31/7/84	11.29	29/3/84
13		25 years	12.00	11.98	[illegible]	13.10	12/7/84	11.29	29/3/84
14	Preference †		12.91	12.89	[illegible]	13.44	17/7/84	11.90	7/3/84

BRITISH GOVERNMENT INDEX—LINKED STOCKS

		Fri March 1	Day's change %	Thur Feb 28	xd adj. today	xd adj. 1985 to date									
8	All stocks	112.94	+0.14	112.79	—	0.63	15	Inflation rate 5%	3.14	3.14	3.35	4.02	30/7/84	3.14	1/3/85
							16	10%	2.96	2.96	3.17	3.82	30/7/84	2.96	1/3/85

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGES:— Trident TV "A" (29) and Lyle Shipping "A" (45) have been deleted and replaced by Hillsdown Holdings (25) and Fisher (Albert) [illegible]

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (87)

BRITISH FUNDS (10)
Treas. 2pc I.L. '88 — Treas. 2½pc I.L. '09 — Treas. 2pc I.L. '90 — Treas. 2½pc I.L. '11 — Treas. 2½pc I.L. '01 — Treas. 2½pc I.L. '13 — Treas. 2½pc I.L. '03 — Treas. 2½pc I.L. '16 — Treas. 2pc I.L. '06 — Treas. 2½pc I.L. '20

AMERICANS (9)
Amfac — Martin Marietta — Brunswick — Pillsbury — Campbell Soup — Quaker Oats — Cullinet Software — Rockwell Intl. — Louisiana Land

BANKS (2)
Goode Durrant M.Y. — Wells Fargo

BUILDINGS (3)
Baggeridge Brick — Watts Blake Bearne — Crouch (D.)

CHEMICALS (2)
Anchor Chemical — Hoechst

STORES (4)
Brown (N.) — Limited Inc. — House of Fraser — Ratners

ELECTRICALS (6)
Applied Holographics — Philips Fin. 5⅝pc Cnv. Ln '91-94 — Do. Warrants — TDK Corp. — Klark-Teknik — Microgen

ENGINEERING (5)
Boulton (Wm.) — Vickers — Cronite — Williams Hldgs. — Jackson (J. & H. B.)

FOODS (1)
Safeway Stores

HOTELS (1)
Inn Leisure

INDUSTRIALS (12)
British Syphon — Maring Inds. — Christies Intl — Rank Org. — Courtney Pope — Scapa — Keep Trust — Spring Ram — Kelsey Inds. — UDO Hldgs. — Macarthys Pharm. — Widney

INSURANCE (3)
Dewey Warren — Torchmark — Hogg Robinson

LEISURE (1)
Sangers Photo.

MOTORS (3)
Adams & Gibbon — Group Lotus Car — Cowie (T.)

NEWSPAPERS (1)
Assoc. Newspapers

PAPER (2)
Hunterprint — Lowe Howard-Spink

PROPERTY (2)
HK Land — Lynton Hldgs.

SHIPPING (1)
Ocean Transport

TEXTILES (2)
Allied Textile — Dawson Intl.

TRUSTS (14)
Baillie Gifford Japan — Law Debenture — British Inv. Trust — St Andrew Trust — City & Com. Cap. — SPLIT Cap. — City & Foreign Inv. — Winterbottom Energy — Equity Consort Dfd. — Abingworth — Fleming Japanese — Biotechnology Invs. — GT Japan — Haw Par

OILS (1)
Invest Energy

PLANTATIONS (2)
Grand Central — Moran Tea

NEW LOWS (14)

ELECTRICALS (3)
Arlen Electrical — Security Centres — DJ Security Alarms

INDUSTRIALS (2)
Aeronite — Star Computer

LEISURE (1)
Radio City A N-V

TEXTILES (1)
Nova (Jersey)

TRUSTS (2)
Brint Invs. — Frost (J. J. & D.)

OILS (4)
Charterhouse Pet. — Monument Oil — Clyde Pet. — Ultramar

MINES (1)
Portman Mining

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	10	93	2	214	194	119
Corporations, Dom. and Foreign Bonds	34	5	34	120	64	181
Industrials	239	277	925	1,449	1,316	4,450
Financial and Props	100	85	363	660	437	1,643
Oils	19	34	70	130	161	328
Plantations	9	2	6	24	23	38
Mines	48	36	94	224	247	422
Others	143	21	53	486	308	274
Totals	602	553	1,548	3,307	2,750	7,455

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BAT Inds	336	—	ICI	842	+ 7
Brammer	306	−11	Imperial Group	185	− 2
Bunzl	438	+18	Jackson (J. and H. B.)	84	+ 7
DRG	169	+ 9	Oxford Instruments	278	+13
Hogg Robinson	278	+ 7	Waring and Gillow	140	+23
House of Fraser	346	+18	Williams Hldgs	230	+15

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Fisons	26	300	+18	Barclays	12	608	+ 3
ICI	23	835	−21	BP	12	530	− 5
Brnt Hallams	20	65	−70	Cable & Wire.	12	490	−16
Sims Catering	18	145	—	Royal Insce	12	580	+ 5
BTR	13	645	+ 9	BAT Inds.	11	336	− 2
Hillsdown	13	165	−10	STC	11	198	+ 8
Legal General	13	605	+17	Jaguar	10	322	+ 2

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Falcon Res	130	423	+18	Ind. Fin Inv.	77	230	+30
ICI	113	835	−42	Reuters B	74	352	−20
BAT Inds.	103	335	−35	Brammer	73	317	− 4
Jaguar	96	322	− 8	Mrks Spencer	73	138	+ 8
Grand Met	90	282	−13	Imperial Group	72	187xd	−16½

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
100	F.P.	8/3	136	124	Alexandra Work. 10p	137	+2	bg4.5	2.5	4.7	12.8
§10	F.P.	8/2	14½	12	✣B'nnett&Fount'n10p	13½	.....	bg0.42	1.8	4.4	16.2
150	F.P.	5/5	182	131	Berkeley Technology	138	+6	bQ6.7c	1.6	4.4	14.5
§90	F.P.	1/3	146	112	✣Bluebird Toys 10p	140	.....	u5.1c	3.3	3.9	18.7
§106	F.P.	13/3	106	96	✣Cons. Term. Invs.20p	98	.....	ud5.0	2.0	7.3	9.2
‖	F.P.	—	127	120	Cullen's Hldgs 10p	122	−3	—	—	—	—
100	F.P.	22/3	104	101	German Small Units●	104	−1	—	—	—	—
¶145	F.P.	14/3	180	163	Hillsdown Hldgs. 10p	163	−2	bgd5.5	2.7	3.1	14.8
‖	F.P.	—	325	255	✣Memcom Intl. 10p	255		5.6	4.1	2.0	16.4
§55	F.P.	6/2	57	45	✣OptometricsU.S.A.	45		Q2c	—	3.9	—
§125	F.P.	—	218	190	✣Osborne & Little 5p	195	−2	bg2.0	3.3	1.5	30.9
100	75	1/5	84½	77	Pacific Assets Tst.50p	84		—	—	—	—
••	F.P.	—	80	80	P.&O. Warrants	80		—	—	—	—
‖	F.P.	—	45½	37	✣Sangers	45xa	−1	—	—	—	—
§128	F.P.	—	152	142	✣Sims Catering 5p	148	−2	bg3.7	2.1	3.6	17.2
§68	F.P.	13/2	108	82	✣Spafax Television	103	−3	bd2.0	2.9	2.8	18.7
§174	F.P.	1/3	225	200	✣Synapse Comp'r. 6p	215		bgd1.5	5.1	1.0	28.1
§95	F.P.	8/3	138	115	✣Whitworth'sFood5p	118	+2	ud2.0	1.8	2.4	31.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
91.574	£30	10/4	34¼	27	African Dev. Bank 11⅛% Ln. 2010	32¼	
••	F.P.	—	113	108	Beazer (C. H.) 8½% Uns. Ln. 2000	109	+1
§101	£51	15/2	54	50	Felixstowe Dock Prf. Units †	51	
‖	F.P.	22/3	102½	99	Greycoat Offices 12.85% Uns. Ln. 1990-92	101½	
85.81	£30	18/6	30⅛	24	Int. Am. Dev. Bk. 9¾ Ln. 2015	29	−¼
§99.199	£25	15/3	29¼	24½	Lon. Shop Prop. 11⅛% 1st Mort. Deb. 2018	25½	−½
§97½	£10	—	11½	10¾	Mid-SussexWtr. 12% Deb 2010	11	
••	F.P.	13/2	111	106	Mountleigh 9½% Conv. Unsec. Ln. 2005	107	
—	F.P.	—	99⅝	98¾	Nationwide Bldg. Soc. 12% 3/2/86	98¾	+⅛
—	F.P.	—	100	109	Do. 12⅝% 24/2/86	99¼	+⅛
••	F.P.	—	112	109	P. & O. 6.3% Conv. Red. Prf	112	+1
••	F.P.	—	111	109	Pleasurama 7% Cnv. Red. Prf	111	+1
‖	F.P.	—	112	103	Polly Peck Intl. 9% Cv. Un. Ln. '03-08	105	
‖	F.P.	12/4	112	102	✣Sangers 11% Cnv. Uns. Ln. 94-02	110	+1½
‡£11	F.P.	15/2	118	107	Shires Inv. Units	118	
49.895	£50	—	51½	50	Spain Kingdom of 11⅛% Ln 2010	51½	
91.976	£40	27/3	24⅛	17½	Sweden 11% Ln. 2012	21½	−¼
‖	Nil	—	17pm	15pm	Tricentrol 11% Cnv. Uns. Ln. 95/05	15½pm	−1¼

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −
39	Nil	—	7pm	4pm	Barrow Hepburn	4pm	
370	F.P.	4/4	468	415	Bunzl	437	+18
365	Nil	—	85pm	75pm	DPCE 5p	80pm	+5
68	F.P.	22/3	118	104	First Castle 10p	118	+2
12½	Nil	—	1pm	½pm	Lyle Shipping Prefd. 5p	½pm	
150	F.P.	19/3	165	161	McCorquodale	165	
80	F.P.	22/3	96	85	Newman-Tonks	90	+1
100	Nil	—	122pm	112pm	New Tokyo Inv. Tst. 50p	119pm	+1
38	F.P.	11/2	48	42½	Premier Cons. 5p	44	−2
66	Nil	—	19pm	14pm	✣Pres. Entertainments50p	16pm	+½
650	Nil	—	158	153	R.E.A. Hldgs. Units	153	
39	Nil	29/3	9pm	6½pm	Renold	6½pm	+½
210	F.P.	9/4	258	232	Royal Bank of Scotland	239	−1
650	F.P.	21/3	£10¼	810	Samuelson Grp. £1	920	
35½	F.P.	—	47½pm	36½pm	✣Sangers	45pm	
40	Nil	29/3	17pm	7pm	✣Southwest Res. 40p	14pm	
435	Nil	—	132pm	105pm	Systems Designers 5p	105pm	
12½	F.P.	27/3	25½	21½	Westwood Dawes 'B' 12½p	22	

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▦ Allotment letters or fully paid. ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant. ● With Warrants attached. ‡‡ Units comprising one New Ord., four New Prf. and [illegible] † Comprising 100 Prf. and one Prg. share.

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system: they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ○ Bargains done the previous day. ΔBargains done with non-member or executed in overseas markets.

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Kenmare Oil Exp (Ir0.25) 7 (22/2)

(By permission of The Stock Exchange Council)

APPOINTMENTS

Courtaulds sets up textile group

COURTAULDS is re-organising its textiles subsidiaries into a Textiles Group, bringing together the activities of Courtaulds Clothing, Courtaulds Fabrics, and Courtaulds Spinning. Mr N. H. Smith has been appointed chairman of the group, which starts operating on April 1, and Mr J. A. Nightingale managing director. Also appointed to the board are Dr G. B. Turner, Mr W. Powell, Mr N. Jervis and Mr I. R. K. Rae. Mr Smith, Mr Nightingale and Dr Turner are members of the main Courtaulds board. The individual businesses in the Textiles Group will continue to operate independently for trading purposes.

★

Mr John Blakeney has been appointed director of financial planning at THORN EMI. He joined Thorn Electrical Industries in 1959, and has been treasurer since 1971. Mr Peter Caney has joined Thorn EMI as group controller. He was finance director of Avis Australia, having previously held a number of senior appointments with BL Cars in the UK. Mr David Smith joins Thorn EMI as treasurer. He was previously treasurer of Tate and Lyle.

★

Mr Richard Marriott of IBM (UK) has been appointed chairman, of the executive committee of BUSINESS IN THE COMMUNITY. Mr Charles Green of National Westminster Bank has been made deputy chairman. Mr John Dunbar of BSC Industry, Mr Martin Findlay of Whitbread, Mr Bill Hoath of Wiggins Teape, Mr Ivan Momtchiloff of Investor's in Industry, Mr David Peters of Fisons, Mr John Skae of Legal & General and Mr Stephen O'Brien of Business in the Community have been appointed to the executive committee.

CALEDONIAN AIRMOTIVE has appointed Mr A. B. L. Smith as director commercial and customer services, and Mr Geoff Stobbs as director finance and administration. Mr Smith will be responsible for sales, marketing and product support activities worldwide, while Mr Stobbs will oversee all finance, costing, payroll and personnel matters. Mr Smith joined Caledonian Airmotive in 1984 as general manager sales and service. Before that he was with Rolls-Royce. Mr Stobbs joined Caledonian Airmotive as financial controller in July 1980.

★

Sir Jack Rampton has been appointed to the board of FLEXTECH.

★

ROYAL LONDON MUTUAL INSURANCE SOCIETY has appointed Mr B. R. Jones to the board.

MONTHLY AVERAGES OF STOCK INDICES

	February	January	December	November
Financial Times				
Government Securities	79.71	80.25	82.59	82.59
Fixed Interest	83.57	84.28	85.87	85.83
Ordinary	979.3	977.0	929.6	919.7
Gold Mines	481.3	457.8	505.9	554.5
Total Bargains	25,049	28,116	24,715	20,585
F.T.— Actuaries				
Industrial Group	623.16	624.59	593.11	560.77
500 Share	671.87	663.85	633.01	605.86
Financial Group	448.40	441.01	425.05	407.15
All-Share	614.51	604.88	577.74	553.28
FT-SE 100	1277.0	1256.0	1202.6	1169.4

	February High	February Low
Ordinary	991.1 (11th)	968.0 (28th)

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Midland Bank Tst Corp (Jersey) Ltd
28-34, Hill St. St Helier, Jersey. 0534 72156
MdBkOsGt 101.0 101.4 −0.3 11.83
MdBkIntBd $1.02 1.03 .... 7.77

Minerals Oils Res Shrs Fd Inc
PO Box 194, St Helier, Jersey. 0534 27441
MrsFeb28 $10.70 11.03 .... 3.62

Samuel Montagu Ldn Agents
114, Old Broad St. EC2. 01-628 3434
MtAmE(z) 122.5 128.7 +1.1 4.48
MtJapIn(z) 75.5 79.4 +0.6 4.04
MtSgFb20 £15.46 15.47 .... —
MtGltIn(z) 48.0 50.6 −0.1 11.38
MtGold(z) $0.493 0.518 −0.005 —
ApFb26 SF122.55 133.00 .... 1.05
JapFeb28 $41.37 44.77 −0.99 0.17
MtAmFb5 $19.42 20.39 .... 1.24
MFRNF28 $10.36 10.38 .... —
USFIF Fb4 $12.12 12.76 .... —

Murray Johnstone (Inv Adviser)
163, Hope St, Glasgow, C2. 041-221 5521
HpeStFb28 $65.95 70.63 .... —
MrFdFb28 $20.08 21.39 .... —
PacFdFb27 $4.08 4.36 .... 0.10

NEL Britannia International Ass Ltd
Acorn Hse, Athol St. Douglas, IoM. 0624 24924
Sterl Dep 93.0 100.0 −0.1 —
Sterl Man 92.4 99.4 −0.1 —
Gilt 90.2 97.0 −0.4 —
UK Man 93.0 100.0 −0.1 —
Intl Man 97.1 104.4 +0.9 —

Nat Westminster Jersey Fd Mgrs Ltd
23-25 Broad St. St Helier, Jersey. 0534 70041
HgInFd(a)(b) 54.8 57.0 .... 10.53
EqtyFd(a)(b) 103.4 110.0 −1.0 2.03
IntBdFd(a)* 79.6 82.0 −1.0 6.30
*Sub day every Thurs.
County Bank Currency Fund (z)
Dollar Class $23.5300 +0.0049 —
Sterling Class £11.7302 +0.0070 —
D-Mark Cl DM54.1469 +0.0071 —
DutchGldrCl DFl54.1048 +0.0085 —
Jap Yen Cl Y5,500.4134 +0.9522 —

Newport International Management
Bank of Bermuda Bldg. Bermuda. 809 295 40000
NpIntSec $15.52 — .... —
NpIntInc $14.59 — .... —
NpPcDl $12.00 — .... —

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 40000
Amer Tst $9.49 9.86 .... —

Normandy Trust Managers Ltd
29, Athol St. Douglas, IoM. 0624 29696
Ndy Mt £1.0048 1.0577 .... 2.00
NdyCt £1.1897 1.2524 .... 2.00
CrCGr £0.4705 0.4953 .... 2.00

Northgate Unit Tst Mngrs (Jersey) Ltd
PO Box 82, St Helier, Jersey. 0534 73741
PacFdFb27 $11.62 12.49 .... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV $15.93 +0.08 —
Inv. Adv., M & G Inv. Mngt. Ltd., London.

Parinter Bond Fund S.A.
10a Boulevard Royal, Luxembourg.
NAV $9.20 .... —

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
OffshrGth $1.157 1.230 .... 1.00

Phoenix International
PO Box 77, St Peter Port, Guernsey. 0481 23539
IntDollarFd $4.54 4.89 .... —
FarEastFd $3.49 3.67 .... —
IntCrncyFd $1.60 1.73 .... —
DlrFxdInFd $4.26 4.59 .... —
Stlg Fxd £2.52 2.72 .... —

Providence Capitol International Ltd
PO Box 121, St Peter Port, Guernsey. 0481 26726/9
£UKFxdInt 157.9 169.8 .... —
£UKStMk 184.7 198.7 .... —
£StgMgd 164.0 176.4 .... —
£SpecMkt 111.3 119.7 .... —
$IntStMkt 103.6 111.5 .... —
$IntFxdInt 119.4 128.4 .... —
$DllrMgd 115.5 124.3 .... —
$IntCurncy 104.4 112.3 .... —
$IntCurncy 104.4 112.3 .... —
$WldTech 127.3 136.9 .... —
$NAmStM 112.2 120.7 .... —
$ Far East 101.5 109.2 .... —
SwFrMgd 5.118 5.504 .... —
Prices on Feb 27. Next dealing Mar 6.
For other prices ring 0481 26726/9.

Putnam International Advisers Ltd
10-12 Cork St, London, W1. 01-439 1591
Emerg Health Sci $10.82 −0.01 —
International Fd $57.64 —
For Quest Fund Man. (Jersey) see Royal Trust Intnl. Mngt.

Quilter/Hainold Commodities
31-45 Gresham St. EC2V 7LH 01-600 4177
RFI NAV $154.90 — 1.92
ext dealing date April 1.

Rea Brothers (IoM) Ltd
29 Athol St, Douglas, IoM. 0624 29696
Bond Fd £1.295 1.34 .... 8.39

Richmond Life Ass Ltd
4 Hill Street, Douglas, IoM. 0624 28441
Gold Bond 232.2 246.8 +2.5 —
StrlDpBd 181.0 192.91 +0.03 13.43
UK Gilt Fd 162.6 172.8 −1.0 —

Rothschild Asset Management (CI)
St. Julian's Ct, St Peter Port, Guernsey. 0481 26741
OCAmerFd* $2.86 3.05 .... 0.94
OCSmCo*** 211.3 223.9 .... 1.47
OCCdy*** 128.3 135.9xd 2.73
OCSCy*** $30.27 32.08 .... 1.84
OCHKFd++ $48.52 51.61 .... —
*Pcs Feb 21. N.D. Mar 7. ***Pcs Feb 15. N.D. Feb 28. **Pcs Feb 14. N.D. Feb 28. ++Dlg every Weds.
OCIR £ £16.420 +0.005 12.30
OCIR A$ A$16.349 +0.005 11.30
OCIR C$ C$42.308 +0.010 8.73
OCIR DFl DFl54.20 +0.010 5.55
OCIR DKr DKr165.23 +0.037 8.01
OCIR DM DM54.522 +0.007 4.78
OCIR BFr BFr983.00 +0.25 9.52
OCIR FFr FFr192.37 +0.055 9.63
OCIR HK$ HK$108.29 +0.019 6.61
OCIR Lire L45,460 +14 11.26
OCIR S$ S$71.545 +0.010 5.42
OCIR SF SF48.0974 +0.0043 3.20
OCIR US$ $33.858 +0.006 7.49
OCIR Yen Y6812.28 +0.98 5.20
OC Man2£ £9.89036 10.19625 —
OCManDM DM39.11989 40.32979 —
OC Man $ $11.56707 11.92481 —

Rothschild Australia Asset Mgmt Ltd
17 Bridge St, Sydney 2000, Australia.
Five Arrows $1.49 1.52 +0.01 5.60

Rouse Woodstock (Bermuda) Ltd
POB 1179, Hamilton, Bermuda. 809 295 2244
Systemtrend $10.94 .... —

Royal Bank of Canada Funds
PO Box 246, St Peter Port, Guernsey 0481 23021
RBC Invest Managers Ltd
IntIncFd $10.28 10.95 .... 7.70
IntlCapFd $18.46 20.00 −0.09 —
NthAmFd $8.41 9.15 .... —
FEst&PacFd $9.55 10.27 .... —
Candn Fd $10.28 10.97 .... —
RBC Intl Currencies Fd Ltd
U.S. $ $24.32 +0.02 —
Canadian $ C$30.26 +0.02 —
£ Sterling £12.13 —
D-Mark DM54.94 +0.02 —
Swiss Franc SF42.45 +0.03 —
Japanese Yen Y6,694 +2 —
Managed Fund $22.32 −0.09 —

Royal Trust Intl Fd Mgmt Ltd (x)
PO Box 194, St Helier, Jersey. 0534 27441
StrlFxdFd £0.825 0.838xd .... 9.83(d)
Int Secs $1.121 1.170xd 0.83
Intl Bds $0.680 0.692xd .... 7.98(d)
Prices Feb 28. Next dealing Mar 6.

SCI/TECH SA
2 Boulevard Royal, Luxembourg.
SCI Tech NAV $10.01 +0.04 —

Save & Prosper International
PO Box 73, St Helier, Jersey. 0534 73933
Fixed Interest Funds
DM Bd DM10.44 11.01xd 5.00
$ Fxd Int $8.02 8.52 −0.04 10.33
Stlg Fxd 107.8 114.0 −0.4 12.28
Yen Bond Y1,455 1.540 +9 2.92
Equity Funds
GiblPrtFd $4.59 4.96 −0.07 0.83
UK Growth 162.1 175.3 −0.8 2.41
IntlGrwth $10.01 10.83 −0.006 1.02
Far Eastern $20.65 22.33 +0.23 0.34
Nth Amer $8.73 9.44 +0.02 0.10
Gold $8.31 8.99 −0.12 —
Multicurrency Reserve Funds
U.S. $ 1.00 — 7.91
D-Mark 10.00 — 4.39
£ Sterling 1.00 — 13.74
Yen 1,000.00 — 5.18
Deposit Fund
Strl Deposit 196.1 196.2 +0.1 0.13
All funds are daily dealings.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds
Sterling £16.0599 .... 13.31
U.S. $ $30.1953 .... 7.75
D-Mark DM54.9088 .... 4.98
Swiss Franc SF53.5279 .... 4.53

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, EC2. 01-382 6000
AmInFb20 $26.38 — 0.40
AsFdFeb11 $27.87 29.99 .... 2.83
ChpsdFb27 $10.82 — 2.77
DlgFdFb28 A$3.75 4.04 +0.07 3.3
JapFdFb28 $17.08 18.34 .... —
TrafFdJ31 $16.16 17.15 .... —
N&TFeb25 $38.88 .... —

Schroder Unit Trust Mgrs Int Ltd
Box 273, St Peter Port, Guernsey. 0481 28750
MgdCrncy* 625.5 660.2 +5.5 6.06
£FxdInt* 608.6 642.1 −1.5 7.79
£ Equity* 174.2 185.3 +0.3 2.15
$FxdInt* $1.040 1.120xd −0.003 8.93
$ Equity* $1.701 1.819 −0.003 0.55
HKF* HK$9.388 10.040xd 1.99
Schroder Life Assurance Int Ltd
MgdCrncy 726.2 780.2 .... —
$ Fxd Int 760.0 816.6 .... —
£ Equity 185.3 199.1 .... —
$ Fxd Int $1.442 1.550 .... —
$ Equity $1.701 1.828 .... —
£ Mngd 146.7 157.7 .... —
HK Life 8.941 9.807 .... —
Prices on Feb 20. Next dealing Feb 27.
*Daily dealing.

Scrimgeour Kemp-Gee Mngmt Jersey
1 Charing Cross, St Helier, Jersey. 0534 73741
SKG Cap Fd 328.0 337.9 .... —
SKG Inc Fd 70.0 72.2 .... 6.83
Gilt Bond 171.3 1.804 .... —

Securities Selection Ltd
Bermuda Hse, St Peter Port, Guernsey. 0481 26268
Forexfund $6.83 7.16 .... —

Sentry Assurance International Ltd
PO Box 1776, Hamilton 5. Bermuda 55303
For Funds Prices Phone UK 0908 670505 (24 hrs)

Singer & Friedlander Ldn Agents
21 New St, Bishopsgate. EC2M 4HR. 01-623 3000
Dekafds DM30.21 31.75 .... 6.84
TokyoMar1 — $63.00 +0.20 2.30

Standard Chartered Off Money Mkt Fd
PO Box 122, St Helier, Jersey. 0534 74454
Sterling £11.3682 +0.0035 11.49
U.S. $ $22.8854 +0.0048 7.60
D-Mark DM53.5168 +0.0070 4.75
Swiss Fr SF41.8644 +0.0049 4.06
Jap Yen Y5,406.3886 +0.7660 5.14

State St Bank Equity Hldgs NV
Car Mgt Co, 6 John B. Gorsiraweg, Curacao.
Net asset value Feb 26 $9.59.

Strategic Metal Trust Mngrs Ltd
48 Athol Street, Douglas, IoM. 0624 26866
StrtMtTst $0.9013 0.9280 .... —

Stronghold Management Ltd
PO Box 315, St Helier, Jersey. 0534 70152
Cmdy Tst 62.31 65.59 .... —

Surinvest (Jersey) Ltd
4 Hill St, Douglas, IoM. 0624 25441

TSB Trust Funds (CI)
26 Hill St, St Helier, Jersey (CI). 0534 73494
TSB Gilt Fd 97.0 100.0 .... 12.00
TSBGiltFdJy 97.0 100.0 .... 12.00
TSB Jy Fd 108.3 114.0xd 3.37
TSBGrnsyFd 108.3 114.0 .... 3.37
TSBCrncyFd 105.0 110.4 .... —

Taiwan (ROC) Fund
c/o Vickers da Costa Ltd, King William St. London, EC4. 0534 73494 01-623 2494
NAV $423. IDR value US$10,757.88.
OCManDM DM39.23483 .... —
OC Man $ $11.54481 .... —

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436
Wstmstr-Cm $7.66 8.08 .... —

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curaco.
NAV per share $136.72

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curaco.
NAV per share $99.76

Tyndall Bank (Isle of Man) Ltd
30 Athol St, Douglas, IoM. 0624 29201
StgMnyAcc 13.50 — .... —
US$MnyAcc 7.50 — .... —

Tyndall Managers
2 New St, St Helier, Jersey. 0534 37331/3
TOFSL 213.1 272.8 .... 1.09
American 235.4 254.2 .... —
Far Eastern 284.4 304.6 .... 0.82
European 121.2 129.8 .... 0.75
Prtflo Man 114.6 122.9 .... —
Prtflo Amer 113.4 122.4 .... —
Prtflo$IEst 116.7 125.0 .... —
Prtflo$IEuro 113.6 121.7 .... —
JerseyFFd 182.2 198.8 .... 4.72
Nn-JAcUts 486.2 487.0 .... —
Gilt Funds 111.2 113.2 .... 10.51
(Acum Shs) 308.2 313.6 .... —
Victory House, Douglas, IoM. 0624 24111
HighIntGilt 110.2 112.4 .... 12.85
(AccumShs) 211.6 215.6 .... —

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey. 0481 27055
Int Equity 487.7 513.4 .... —
Do $ 5.300 5.580 .... —
PacificEqty 147.5 155.3 .... —
Do $ 1.600 1.685 .... —
NAmEqty 105.2 110.8 .... —
Do $ 1.140 1.200 .... —
UK Equity 311.5 327.9 .... —
Do $ 3.385 3.565 .... —
Euro Eqty 126.4 133.1 .... —
Do $ 1.375 1.450 .... —
IntlFxdInt 505.0 531.6 .... —
Do $ 5.490 5.780 .... —
StlgFxdInt 271.3 285.6 .... —
Do $ 2.950 3.110 .... —
$ Deposit 162.6 171.2 .... —
Do $ 1.765 1.860 .... —
StgDeposit 160.6 169.1 .... —
Do $ 1.745 1.840 .... —
Commodity 549.3 578.3 .... —
Do $ 5.970 6.285 .... —
Gold 82.2 86.6 .... —
Do $ 0.890 0.940 .... —
UK Prpty 198.3 208.8 .... —
Do $ 2.155 2.270 .... —
Int Mngd 409.3 430.9 .... —
Do $ 4.450 4.685 .... —
UK Mangd 263.5 277.4 .... —
Do $ 2.865 3.020 .... —

Tyndall-Guardian Mngt Ltd
PO Box 1256, Hamilton, Bermuda.
T-G American $20.66 .... —
T-G Money $24.49 .... —
T-G Eurobond $16.64 .... —
T-G Commodity $24.86 .... —
T-G Mortgage C$22.70 .... —
T-G Overseas $11.23 .... —
T-G Pacific Y2,154 .... —
T-G Wall Street $28.13 .... —
T-G Gold $7.28 .... —

M. G. Tyrrall & Co Ltd
PO Box 415, London W13 9NY.
Ortac £11.80 12.10 .... —

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd.
2 Throgmorton Ave., London. 01-638 6111
UsInvFd DM73.20 75.40 +0.20 —

Union-Investment Gesellschaft Gmbh
Postfach 16767, D 6000 Frankfurt 16.
UniFds DM21.30 22.40 +0.5 —
Unirak DM73.90 77.50 +0.1 —
Unirenta DM40.59 41.90 .... —

Unit Trust Services (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72935
Target MCF 106.2 114.1 +0.3 4.03
For Vanbrugh Currency Fund see Holborn Fund Management (Jersey) Ltd

United Fund Managers Ltd
16-18 Queens Rd Centre, Hong Kong. 5-23141
S & Mly Tst $8.42 8.59 —

S. G. Warburg & Co and subsdrs
33 King William St. EC4R 9AS. 01-280 2222
Energy Int $45.70 — −0.14 —
Eurobond $16.90 16.67 −0.07 7.20
Select Risk $16.19 16.77 .... 1.49
39-41 Broad Street, St Helier, Jsy, CI. 0534 74715
Cmn Mkt $31.30 32.09 .... 1.22
Far East $20.62 31.39 .... 0.80
Transatl £28.74 29.47 .... 1.66
Metals £13.79 14.13 .... 8.21
Sel Mkt £24.42 25.04 −0.24 1.40
Mercury Money Market Trust Ltd
D-Mark DM80.22 .... —
Dutch Guilder DFl108.01 +0.01 —
Japanese Yen Y8,103 .... —
£ Sterling £20.44 .... —
Swiss Franc SF78.10 −0.01 —
U.S. $ $34.54 .... —
1 Thomas St, Douglas, IoM. 0624 4856
IoM 59.9 63.8 −0.4 7.4
Intl Bond 42.0 44.7 +0.1 7.4

Wardley Fund Managers (Jersey) Ltd
HK Bk Bldg, Grenville St. St Helier.
WrdlyGiltFd 96.0 100.0 .... 11.25

Wardley Investment Services Ltd
4th Floor Hutchison House, Hong Kong. 0534 71460
Wrdly Tst $5.49 5.87 .... 1.6
WdlyNKAF $29.39 31.17 .... 4.49
WrdlyBdTst $9.54 10.10 .... 6.34
WrdlyJapT $32.96 34.95 .... 0.29

West Avon Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963
Gilt&OptFd £1.07 1.13 .... 5.00
WrdlyPrCT $10.35 10.91 .... 2.02
U.S. & Opt $0.97 1.02 .... —

World Wide Growth Management
10a Boulevard Royal, Luxembourg.
Wwd Gth Fd $11.35 .... —
Inv Adv M & G Inv Mngt Ltd, London

Wren Commodity Management Ltd
10 St George St, Douglas, IoM. 0624 25015
Wren Cm Fd 12.8 13.3 .... 3.10
Chinese Fd 57.1 59.5 .... 1.70
Prec Met Fd 69.6 72.5 .... 8.50
Van Cmdy Fd 19.2 19.7 −0.2 —
Fin Fut 32.4 33.7 .... —

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.
Dynamic Gth Fd $8.78 +0.15 —

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St. EC4P 4ST 01-236 0952				
Call Fund	14.04	14.64	6mth	Call
7-day Fund	14.01	14.62	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St. EC4N 6AF. 01-236 1425				
Call Fund	13.70	14.16	6mth	Call
7-day Fund	13.93	14.41	6mth	7-day
MnyMgAcc	13.50	14.20	6mth	Call
Dollar	6.62	6.72	6mth	2-day

Money Market Bank Accounts

	Nom	CAR	Int Cr	Notice
Aitken Hume				
30 City Road. EC1Y 2AY. 01-638 6070				
Treas Acc	13.75	14.48	Qtr	Call
MthIntChq	13.50	14.37	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH. 01-628 8060				
Cheque Acc	13.25	14.09	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 252891				
HighIntChq	13.50	14.19	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ. EC2M 5QL. 01-588 2777				
Cater Allen	13.25	14.09	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row. EC4M 7DH. 01-248 3999				
Sterling	13.25	14.085	Mth	Call
U.S. Dollar	7.50	7.763	Mth	Call
German Marks	5.0	5.115	Mth	Call
Swiss Francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call
Co-operative Bank				
78 80 Cornhill, EC3. 01-626 6543 Ext 464				
Undr£1,000	12.00	12.55	Qtr	Call
Over£1,000	14.00	14.75	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St. EC2P. 01-628 8060				
MyMthCqAc	13.25	14.09	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	13.25	13.68	Ret	14-day
M & G Kleinwort Benson				
91-99 New London Rd. Chelmsford. 0245 51651				
HighIntCqAc	13.25	14.10	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
HighIntChq	13.38	14.06	Qtr	Call
Provincial Trust (formerly Choulartons)				
30 Ashley Rd. Altrincham, Cheshire WA1 2DW. 061-928 9011				
Cheque Acc	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford. RM1 3LB. 0708 66966				
High Int Acc	13.10	14.00	Daily	Call
Premier Acc	13.10	14.00	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
DemandAcc	13.80	14.52	Qtr	Call
Money Acc	13.50	14.20	Qtr	Chq7
J. Henry Schroder Wagg & Co Ltd				
Enterprise Hse, Portsmouth. 0705 827733				
Special Acc	13.40	14.25	Mth	Call
Ovr£10,000	13.65	14.54	Mth	Call

NOTES—CAR: compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ∷ Only available to charitable bodies. □ Yield column shows

LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97¾	93⅞	Treas 3pc 1985	97[illegible]	+⅛	3.07	14.17
102¾	99[illegible]	Treas 11½pc 1985	99[illegible]	−[illegible]	11.59	13.76
99¾	96[illegible]	Treas 8¼pcCnv '85	97[illegible]	−[illegible]	8.94	13.19
104[illegible]	99[illegible]	Exch. 12¼pc 1985	99[illegible]	−⅛	12.33	13.05
103[illegible]	99[illegible]	Exch. 11¾pc '86	99[illegible]	−[illegible]	11.85	12.65
102[illegible]	96[illegible]	Treas. 10pcCnv 1986	97[illegible]	−¼	10.30	12.90
94	88¾	Treas 3pc 1986	94	.....	3.19	8.31
102	96¼	Exch. 10½pc Cv '86	97[illegible]	−[illegible]	10.76	12.64
104[illegible]	99[illegible]	Treas 12pc 1986	99[illegible]	−⅛	12.08	12.48
98¾	93½	Treas 8½pc 1984-86‡‡	96½	−⅛	8.84	11.66
108[illegible]	102[illegible]	Exch. 14pc 1986	102[illegible]	−⅛	13.67	12.27
89¾	85	Exch. 2½pc 1986	89½	−¼	2.79	9.23
107[illegible]	100[illegible]	Exch. 13¼pc 1987	101[illegible]	−⅛	13.00	12.04
100⅞	94½	Treas 10¼pcCv '87	97¼	−⅛	10.54	4.86
87¾	83¼	Exch 2½pc 1987	87⅜	−⅛	2.86	9.65
101[illegible]	94½	Exch. 10½pc 1987	97[illegible]	+[illegible]	10.79	12.08
92¼	87	Funding 6½pc '85-87‡‡	92	.....	7.07	10.74
99⅞	92⅞	Treas. 10pc 1987	96	−⅛	10.42	12.08
86¼	81[illegible]	Treas 3pc 1987	86½	−¼	3.47	9.20
105	97¼	Treas. 12pc 1987	100	−[illegible]	12.00	11.95
94⅞	87[illegible]	Treas 7¾pc 1985-88‡‡	92¼	−¼	8.40	10.92
100⅞	92[illegible]	Exch 10½pc '88	96[illegible]	−[illegible]	10.92	12.06
98[illegible]	89[illegible]	Treas 9¾pc Cv '88	94[illegible]	−[illegible]	10.35	11.92
83½	77	Transport 3pc '78-88	83¼	−⅛	3.61	8.92
96[illegible]	88[illegible]	Treas. 9½pc '88	92¾	−⅛	10.24	11.99
106¼	94[illegible]	Treas 11½pc 1989	98[illegible]	−¼	11.64	11.88
96[illegible]	87[illegible]	Treas 9½pc Cnv. '89	92[illegible]	−⅛	10.31	11.94
99⅞	90[illegible]	Treas 10½pc 1989	95⅛	−[illegible]	11.04	11.97
100[illegible]	88⅞	Exch 10pc 1989	93[illegible]	−⅛	10.73	12.04
101[illegible]	94¾	Exch 11pc 1989	96[illegible]	−⅛	11.36	11.96
85⅛	77½	Treas 5pc 1986-89	81⅝	−⅜	6.14	10.07
114¼	100¼	Treas 13pc 1990‡‡	104⅝	−[illegible]	12.43	11.71
20½	19[illegible]	Exch 11pc '90 (£20pd)	19[illegible]	−⅛	11.30	11.73
		Five to Fifteen Years				
110⅞	100⅛	Exch. 12½pc 1990	101⅞	−⅛	12.20	12.10
94⅛	84⅞	Treas 8¼pc 1987-90‡‡	91	−¼	9.25	10.98
98[illegible]	90⅝	Treas. 10pcCv 1990	95⅞	−½	10.85	11.89
108¼	94¾	Treas 11¾pc 1991	101	−⅜	11.83	11.90

[illegible]

AMERICANS—Cont.

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING—Continued

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

هكذا من الأجيل

Saturday March 2 1985

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Continued

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- Not officially UK listed; dealings permitted under Rule 535(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Dealt in under Rule 535(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	......	Arnott	157	......
Craig & Rose £1	£10	......	CPI Hldgs	58	......
Finlay Pkg. 5p	60	......	Carroll Inds.	108	......
Higsons Brew	115	......	Dublin Gas	60	......
Holt (Jos) 25p	810	......	Hall (R. & H.)	45	......
IoM Stm. £1	127	......	Heiton Hldgs.	16	......
IRISH			Irish Ropes	40	......
Exch. 12% 1985	£99¾	......	Jacob (W. & R.)	65	......
Nat. 9¾% 84/89	£85½	......	TMG	110	......
Fin. 13% 97/02	£98	+¼	Unidare	86	......

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays Bank	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen.	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brist. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk.	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met.	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 26

FINANCIAL TIMES
Saturday March 2 1985

TEACHERS IN THE NEWS

Playing a harsher tune

BY MICHAEL DIXON

AS Ms SALLY SIDLEY came out of her classroom, a dozen *children stood around fidgeting* with assorted guitars. Aged between seven and 11, they were gathered for her regular Wednesday lunchtime music lesson at Avishayes School in Chard, Somerset.

But that day's newspaper headlines said: "Teachers' union starts pay protest." Part of the protest ordered by the National Union of Teachers was that its 235,000 members dropped all lunchtime work. Ms Sidley is her school's NUT representative.

"Suddenly I had 12 small faces smiling up at me expectantly," she says. "I'd just about got them playing decently again after the Christmas break. *At moments like that the rule* book goes out of the window. I gave them their guitar lesson."

By then the NUT's membership *among the school's dozen* teachers was already down from eight to seven. Mr Paul Upton,

Sally Sidley

the head, objecting to the *union's refusal to negotiate* about changes in job conditions, had decided to leave it and apply to join the National Association of Head Teachers.

Of the remaining seven, one was firmly behind the NUT. His wife, a former teacher, recently had their third child and he is so hard up that he's applying for social security.

"He thinks the 4 per cent pay rise we've been offered leaves us so ridiculously undervalued that any action that might improve our position is justified," Ms Sidley explains.

The daughter of two teachers and the sister of two as well, she has been teaching for 18 years since getting her degree in geography. Although in the pay grade above the basic salary scale she earns £9,500 a year.

Three more of the NUT members reluctantly joined the protest. Two others were opposed, and also decided to leave the union. Sally Sidley could not make up her mind. Then she got a letter from the Somerset education authority threatening to dock her pay if she refused to work out of hours.

"That hardened me. I'm sure most teachers felt the same. Here are the employers refusing to pay us as professionals and at the same time ordering us to behave as professionals in doing lots of extra work. It was a gross personal insult.

"We're a very professional staff. The head sees to that. *Ever since he came here he's* been getting us together thinking how we could do things better, and helping each other. If we have to stop having free-time staff meetings, we're going to lose as well as everyone else. But Paul's one in a thousand. He's not only an excellent teacher. He's a manager."

In Ms Sidley's experience, good management can make previously nondescript teachers sparkle. But while *unanimous* that good staff are crushingly underpaid, most at Avishayes accept that some teachers are bad enough to deserve nothing but the sack.

"The problem is, if you're not lucky in having one of the few really good heads, who will see that your work is assessed fairly? Parents wouldn't want to know. Governors wouldn't back you. You couldn't count on the country *administrators.* Apart from the few very good advisers who visit us, we never see people from the authority except *when they come to say* they're against something, cutting something, or can't give us something they'd promised.

"*In that case, all we teachers* can count on is a strong union. None of us wants confrontation. But if the management isn't capable of *anything* better confrontation it'll have to be."

BR chief's £1.5bn challenge

BY ROBIN PAULEY

BRITISH RAIL announced yesterday that it would buy about 1,500 locomotives in the next 25 years costing about £1.5bn at today's prices, but said that it would not necessarily buy British.

Mr Bob Reid, BR chairman, threw down a challenge to British manufacturers by indicating that he would go out to tender internationally to make sure "we buy only the very best product."

He implicitly criticised the state of the locomotive industry when he addressed the railway division of the Institute of Mechanical Engineers.

He hoped BR's long-term needs would lead to re-establishment of locomotive-building capability serving home and overseas markets.

"But there seems to be a substantial difference between the performance, particularly availability and reliability, of American diesel locomotives and those at present operating on British Rail."

Mr Reid has recently been in the U.S., where he was impressed by locomotives made by General Motors. The British companies faced with Mr Reid's challenge are BR's subsidiary engineering company British Rail Engineering (Brel), and two private-sector engineering companies, GEC and Brush.

He said: "We have a responsibility to make sure we buy only the very best product, one which will give us high availability, high reliability, low fuel consumption and low maintenance cost.

"We live in an increasingly competitive world, and we will only survive if our units costs are as good or better than the opposition. Locomotive design and performance play a critical role."

Most of the 1,500 locomotives needed will be required in the next 10 years. About 1,250 will be diesel powered, the rest electric.

Mr Reid said that while about 850 of the planned diesels would be for the freight business, the number ordered would depend on recovery from "the disastrous effects" of the miners' strike.

Coal normally accounted for 60 per cent of the rail freight business, but was down to 10 per cent for the past year.

"We have lost over £200m in revenue, we have allowed road transport to get hold of our core traffic and given them 12 months to practise ways of carrying it more effectively than we do.

"We have lost customers for good, and may well have so destroyed the basis of our freight business that network freight itself could be in jeopardy," Mr Reid said.

Rail unions agreed on Thursday to continue supporting the striking miners by refusing to move coal. The immediate result was that rail investment could not be increased as planned, he added.

Plans for rail investment involve a record £1.08bn. The £306m electrification of the London-Edinburgh East Coast main line was recently announced.

U.S. holds off on Japan car curbs

BY STEWART FLEMING IN WASHINGTON

JAPAN will not be pressed to curb car exports to the U.S. for a fifth year when the "voluntary" restraint agreement expires at the end of this month, President Ronald Reagan said yesterday.

However, Mr Reagan coupled the decision with a warning that the U.S. expected Japan to respond with important concessions in current negotiations between the countries. These are on improving access to Japanese markets for U.S. products ranging from electronics and telecommunications equipment to timber.

"It is my decision not to urge the Japanese *to extend their* voluntary export restraints on autos into the U.S.," the President said.

He added: "In taking this action, I hope we can look forward to reciprocal treatment by Japan concerning the high level discussions under way between our tow countries in the weeks ahead." The voluntary agreement had limited Japanese car exports to the U.S. to 1.85m units a year.

U.S. trade officials complained this week about what they saw as lack of progress in the talks with Japan. Mr *William Brock*, the President's special trade rep*resentative, has attacked the* failure to reach agreement on new voluntary restraints on Japanese steel exports. There are fears that failure to settle on steel could endanger the effectiveness of the import curbs agreed with countries such as Mexico, South Africa and Australia.

Mr Brock told congressmen on Thursday that he and his colleagues "as well as many members of Congress are rapidly losing patience with the slowness of the market opening process in Japan."

The decision on car quotas follows a fierce debate in the U.S. where the car industry has alleged that while its financial position has improved radically over the four year of quotas, it needs more time and a fall in the value of the dollar to meet the Japanese export challenge.

It is recognised that the major U.S. car companies plan to import about 300,000 more Japanese cars this year for sale through their outlets. Chrysler, the third largest U.S. car company, said this week that it planned to triple to 287,000 units the Japanese cars *it will sell in the U.S. under* its name.

Fiat and Ford seek European market link

BY ALAN FRIEDMAN IN MILAN

FIAT, the leading Italian motor group, is holding intensive talks with Ford, the second largest U.S. motor company, which could lead to a co-operative agreement for the European market. Such a deal would be Fiat's first with a U.S. motor group.

Fiat said yesterday that a "working group" of executives from Fiat Auto, the group's car-making subsidiary, and Ford executives had met and studied prospects for co-operation.

"We are searching for ways to collaborate in the European market. We are trying to identify forms of industrial co-operation," Fiat said. It is understood that this could range from the joint production of components to the launch of a jointly produced car.

Fiat shares rose sharply during two days when rumours about the talks with Ford had spread through the Milan stock market. They closed yesterday at L2,889 (1.28p), up 7 per cent from their level of L2,690 on Wednesday.

Word of high level contacts betwene Fiat and Ford was first leaked on New Year's eve, but the Turin-based group—Italy's largest private sector company—sought to play down reports. Yesterday, however, it became clear that serious negotiations were under way, although no agreement is expected to be announced for several weeks at least.

Fiat said: "We are trying to achieve economies of scale in the European car market, which is going through a difficult period. It makes sense for us to seek a way of lowering production costs and this has always been Fiat policy."

Fiat denied Bourse rumours to the effect that Ford was planning to acquire the 13.5 per cent share stake in Fiat now held by the Libyan Arab Foreign Bank. The possibility of a share deal was not ruled out.

Fiat and Ford already have some links, though they are limited. Both are involved in the continuously variable transmission project developed by Van Doorn's Transmissie of the Netherlands. In addition, Fiat sells aluminium cast cylinder heads to Ford and to Chrysler through its Teksid division. The Italian company also sells automated machines tools to the U.S. motor industry

Ford of Europe said yesterday: "We have talks with many *other companies and as a matter* of policy never comment until there is something hard and fast to discuss."

Jaguar chairman quits, Page 3

Miners' conference Continued from Page 1

Derbyshire and Yorkshire, which are strongly left-led, may also specify an amnesty as a precondition.

The Durham mechanics, whose council meets today, will put no proposal to that meeting following a tied vote on its executive yesterday on the proposal to return to work. The executive felt bound by an earlier decision not to return while some of its members were sacked.

The executive of the Power Group, meeting yesterday, voted to sign the NCB agreement, arguing that by entering into negotiations with the board once more it could achieve some form of amnesty for the sacked strikers, while the scale of pit closures would be no worse.

No area, with the possible exception of the tiny militant Kent Field, *is likely* to argue the case for carrying on the fight. There is likely to be an anixous search for the most *dignified conclusion, which can* be presented to the union's many activists as something short of capitulation.

The option or returning the issue to area level is one favoured by a number of leading officials, probably including the national officers.

The strike was formally called under Rule 41, which permits area strikes which have received the sanction of the national executive, and it is seen as appropriate, and least damaging to the national leadership, if this mechanism calls it off.

This would allow the executive to argue that its national leaders, Mr Arthur Scargill, the president; Mr Peter Heathfield, general secretary; and Mr Mick McGahey, vice-president, had obeyed the instructions of the union's constituent areas, both in prosecuting the strike and in ending it.

● Mr Tom King, the Eomployment Secretary, told Nottingham Chamber of Commerce last *night that the trade union* movement would "turn out to owe most" to the working miners of Nottinghamshire.

"They struck a great blow for the principles of union democracy when they refused to be browbeaten or terrorised out of their right to go to work, and demanded a ballot instead."

Continued from Page 1

Laker debt

They are understood to have responded favourably to the request, though the worldwide strike now affecting Pan Am's operations has clearly distracted it this week.

Exim's view is far from clear and it has consistently refused to comment on its stance. Other parties to the *Laker litigation were yesterday* expressing some scepticism, however, that the bank's talks with BA had really *come to a halt.*

The suspicion lingers, in Washington at least, that neither side is yet convinced that the other has made its final offer. Whether this is right or wrong, yesterday's *general message from the BA* camp, anyway, suggests the end of the game may not be far away.

Attack on dollar Continued from Page 1

only if the U.S. Federal Reserve is persuaded to play a more *active role.*

The Fed's dollar sales this week were thought to be on a larger scale than prerviously, but still relatively insignificant in relation to the overall size of the intervention.

The January rise in the U.S. index of leading economic indicators, which is designed to predict the direction of the economy months ahead, boosted expectations of a solid rise in U.S. output over the first quarter.

TheCommerce Department in Washington reported that the *index jumped 1.7 per cent in* January after several months in which it was essentially flat.

The Department said that it revised the December data to show a 0.5 per cent fall in the index after a 0.5 per cent rise in November.

The Reagan Administration welcomed the figures as confirmation of its optimism about immediate economic prospects. A White House spokesman said the rise, taken with other economic statistics, showed "the economic horizon is very bright."

Mr Malcolm Baldrige, U.S. Commerce Department Secretary, said that the data "shows *renewed upward momentum in* employment and output."

He found particularly encour*aging the gains in orders for* consumer goods, the component of the index which surged most strongly.

Mr Baldridge noted that the decline in contracts and orders for plant and equipment might be a sign that the strength of the dollar was hurting U.S. capital good manufacturers.

On Thursday the U.S. Government reported that imports and the trade deficit had begun to rise sharply again.

Though most economists predict 3-4 per cent real growth for the U.S. economy in the *first quarter. some now suggest* the rise could be as high as 6 per cent.

Wall Street is concerned that with the money supply expanding rapidly, such a rate of growth could lead the Federal Reserve Board to tighten its monetary policy.

Continued from Page 1

Home loans

This is partly due to the launch of the 30th issue of National Savings Certificates on February 13 and the launch by the clearing banks of high-interest accounts ahead of their being required, from April 6, to deduct tax at source from *depositors' income.*

The inflow of funds to building societies for all of February is expected to be down to £450m to £500m compared with an average of more than £800m in each of the previous four months.

The fall-off in savers' funds has prompted several societies, including the Woolwich, one of the five largest, to launch special high-return investment accounts. *These eventually will* have to be reflected in higher mortgages rates, irrespective of a further hardening of market interest rates.

WORLDWIDE WEATHER

UK today: Drizzle in the NE: some sun after fog in central and E. England: showers in S. areas.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Corfu	C	11	52	Luxmbg.	S	7	45	Peking	F	2	36
Algiers	S	22	72	Dallas†	C	12	54	Madeira	C	14	57	Perth		—	—
Amsdm.	C	2	36	Dublin	Dr	7	45	Madrid	C	9	48	Prague	C	1	34
Athens	C	11	52	Dbrvnk.	C	11	52	Majorca	F	17	63	Reykjvk.	R	8	46
Bahrain	S	17	63	Ednbgh.	T	3	37	Malaga	F	18	64	Rhodes	S	13	55
Barclna.	F	15	59	Faro	F	15	59	Malta	F	16	61	Rio J'o		—	—
Beirut	S	12	54	Florence	C	13	55	M'chstr.	Sl	3	37	Rome	F	15	59
Belfast	R	4	39	Frankft.	C	1	34	Melbne.		—	—	Salzbrg.	S	9	48
Belgrd.	R	2	36	Geneva	R	−2	28	Mx. C.		—	—	S F'cisco†	C	8	46
Berlin	C	1	34	Gibraltar	C	17	63	Miami†	F	18	64	Singapr.	F	30	86
Biarritz	C	11	52	Glasgow	Dr	4	39	Milan	C	9	48	S'tiago		—	—
Bmghm.	C	4	39	G'rnsey	C	8	46	Montrl.†	H	2	36	Stckhm.	Sn	0	32
Blackpl.	Sl	2	36	Helsinki	Sn	−4	25	Moscow	S	−3	27	Strasbg.	Fg	3	37
Bombay	S	33	91	H. Kong	Dr	16	61	Munich	S	11	52	Sydney		—	—
Bordx.	C	11	52	Innsbrk.	S	9	48	Nairobi	F	25	77	Tangier	F	17	63
Boulgn.	C	6	43	Invrnss.	F	7	45	Naples	C	12	54	Tel Aviv	S	14	57
Bristol	R	10	50	I.o.Man	C	4	39	Nassau	S	18	64	Tenerife	S	21	70
Brussels	R	6	43	Istanbul	S	3	37	Nwcstl.	C	3	37	Tokyo	C	10	50
Budpst.	Sn	−2	28	Jersey	F	9	48	N Delhi	S	27	81	T'ronto†	F	1	34
Cairo	F	17	63	Jo'burg	F	26	79	N York†	F	2	36	Tunis	S	17	63
Cardiff	C	9	48	L. Plms.	C	22	72	Nice	C	12	54	Valencia	F	20	68
Cape T.	F	21	70	Lisbon	F	12	54	Nicosia	F	12	54	Venice	F	8	46
Chicg.†	R	3	37	Locarno	Fg	7	45	Oporto	F	13	55	Vienna	C	−1	30
Cologne	S	8	46	London	C	5	41	Oslo	Sn	0	32	Warsaw	C	−3	27
Cpnhgn.	C	1	34	L. Ang.†	C	13	55	Paris	C	10	50	Zurich	S	10	50

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Applied Holographics	255	+ 25
British Syphon	133	+ 11
Bunzl	438	+ 18
Cowie (T.)	50	+ 4
DRG	169	+ 9
Fisher (James)	113	+ 11
Hogg Robinson	278	+ 7
House of Fraser	346	+ 18
Hunterprint	223	+ 26
ICI	842	+ 7
Invent Energy	790	+ 30
Jackson (J. & H. B.)	84	+ 7
Oxford Instruments	278	+ 13
Resources Tech.	40	+ 6
Vickers	250	+ 9
Waring & Gillow	140	+ 23
Williams Hldgs	230	+ 15

FALLS

Arlen Electrical	31	− 4
Berisford (S. & W.)	169	− 6
Ferranti	146	− 10
Goldsmiths	194	− 14
Lloyds Bank	540	− 12
Magnet & Southerns	118	− 10
Matthews (B.)	295	− 25
Midland Bank	336	− 9
NatWest Bank	638	− 14
Northern Foods	220	− 8
Plessey	182	− 6
Rand London	24	− 5
Westland	115	− 8

THE LEX COLUMN

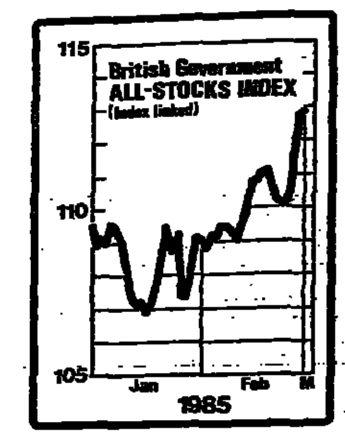
Industry stands on its rights

Finance directors know a good thing when they see one and the equity market over the *past few months* has been a very good thing indeed. With the institutions crying out for paper and the FT All-Share Index yielding 4.4 per cent — 10 percentage points less than the cost of one-month money — the finance director can hardly be blamed for ignoring all the textbok stuff about the long-term cost of equity capital and jumping feet first into the rights issue queue.

Yet so many companies are now availing themselves of the market's hospitality that the institutions are beginning to *regret having extended* such an open invitation. This week ICI and Fisons raised £240m between them, and the market is bracing itself for a bumper issue within the next few days. A heavy cash call from either Barclays or Lloyds is the favourite hypothesis, although some bold folk are even suggesting that a composite insurance company might have the temerity to pass the hat round. Either way, the revival of rights issue activity has already undermined the old arguments about institutional liquidity and stopped the equity market in its tracks.

Guessing which company will be next to ask for capital is an *especially* tiresome *pastime* when there is so much else to worry about. Thursday's closing of the bond-washing loophole *carried implications which* the gilt-edged market has still not fully sorted out. It is unclear, for example, how far the new preference for low-coupon paper will be reflected in the Government's funding strategy. Yesterday the Government Broker dropped a gentle hint by wheeling out two tranches of index-linked stock but there is no reason in theory why he should not experiment with zero-coupon paper. The Government cannot after all be blind to the merits of borrowing money which costs nothing for the time being and is paid back later by someone else.

Index fell 4.9 to 975.0



U.S. takeovers

Reports that Sir James Goldsmith may assist Mr Carl Icahn in putting Phillips *Petroleum through the mangle* may be a comfort to some this side of the Atlantic. What is bad news in Oklahoma is good *news in the Midlands:* that Sir James chooses the U.S. for his takeover activities may be partly due to the tiresome existence of a functioning Takeover Panel. And the entire saga can be dismissed as so unlike the home life of our dear City.

Sir James' arrival on the *field, whether actual or merely* threatened, should be enough to rout the Phillips management. Phillips has done a *superlative job* in infuriating its institutional shareholders: always dubious whether the recapitalisation plan was really worth $53 a share, they have voted their proxies in droves against the rag-bag of poison pills, shark repellents, employee share-ownership plans and other devices of self-defence without which few U.S. corporations, now venture into Wall Street after dark.

Presumably, Phillips will now have to improve its plan to something nearer Wall Street's assessment of its worth; Mr Icahn will receive a deal no worse than the $53 in cash per share guaranteed to Mr T. Boone Pickens; and honour, if that is the word, will be satisfied. Or that must be the sort of assumption implied in the Phillips share price which is hovering around $49.

The battle for Phillips saw the first intervention of the group of state pension funds who have formed the Council of Institutional Investors. While insisting on their fiduciary independence, they seem to have lined up behind the California funds — blooded in the Walt Disney affair — in voting against the plan. It is a *chilling thought* that some 20 retirement funds, with assets amounting to the not inconsiderable sum of $100bn, feel *the need to form a vigilante* band to ensure fair treatment for themselves, let alone all shareholders, but state treasurers *have testified in* Washington that legislation again greenmail and the rest will either hamstring the mar*ket or merely provide fees for* lawyers to find loopholes.

This may contain a lesson for those considering the future of the Takeover Panel. As the U.K. equity market bcomes more *international,* it is probable that London will become more like New York, rather than vice-versa—not an appealing prospect for the principle of equal shareholders' rights.

ICI

ICI has finally scotched the rumour that it is planning a rights issue to pay for Beatrice Chemical—by having a vendor placing instead. The *idea* that ICI would call on all its shareholders for cash always looked a little unlikely. The company *feels much the same way* about the level of its share price as the Prime Minister does about the value of the pound and it *would* be hard pressed to justify a major equity financing at a time of such conspicuous cash generation. ICI in any case sets no great store by the pre-emptive right and, by the success of yesterday's operation, has provided as good an advertisement as any for the vendor placing.

The equity parcelled out was nothing substantial by ICI's standards — it increased the issued share capital by just under 3 per cent—but £148.5m was a fair swallow for a market which had seen the ICI price fall almost 5 per cent in a few hours on Thursday and which was already nervous about corporate funding pressures.

Yet everything went as smoothly as could be. The placing price of 825p was fixed to represent an all-in discount of around 3 per cent to a market price of 840p. As it turned out, the shares were trading at around 835p at the time of the placing so ICI escaped with roughly a 2 per cent discount, narrower than it could have achieved across the Atlantic after making allowance for the higher level of U.S. fees. The dilution arising from the issue is negligible so, with the share price finishing the day at 842p, no one had much reason to complain—except of course that the shares stood at 856p ahead of the figures.

Moreover, ICI can make a useful case for employing equity to help finance Beatrice. Roughly 80 per cent of the $750m acquisition cost represents goodwill which the group is planning to write straight off against reserves. To have funded the deal entirely from its own resources would have left it with a balance sheet sporting a debt/equity ratio of about 40 per cent. That is by no means extravagant but the three percentage points of gearing which the group saved yesterday will give it that much more freedom to contemplate further acquisitions. The vendor placing may be overused, but its deployment yesterday was no sin.